

BEFORE THE
ILLINOIS COMMERCE COMMISSION

Springfield, Illinois
July 18, 2001

BEFORE:

MR. DONALD L. WOODS, Administrative Law Judge

APPEARANCES:

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1 PROCEEDINGS

2 JUDGE WOODS: At this time we'll call for
3 hearing Docket 00-0393 on Rehearing, Illinois Bell
4 Telephone Company, the proposed implementation of
5 high frequency portion of the loop/line sharing
6 service.

7 This cause comes on for hearing July 18,
8 2001, before Donald L. Woods, a duly appointed
9 Administrative Law Judge, appointed by the Illinois
10 Commerce Commission. The cause was set today for
11 evidentiary hearings.

12 I think everybody is here who was here
13 yesterday, right? There's no new appearances?
14 Okay. I'd just instruct the Court Reporter to
15 basically show the appearances of all the parties
16 that appeared yesterday rather than taking them on
17 the record today.

18 (Whereupon the appearances
19 from July 17, 2001, were
20 incorporated as follows:)

21 MR. BINNIG: Theodore A. Livingston, Christian
22 F. Binnig, and J. Tyson Covey of the law firm of

1 Mayer, Brown & Platt, 190 South La Salle Street,
2 Chicago, Illinois 60603, appearing on behalf of
3 Ameritech Illinois.

4 MS. HERTEL: Appearing on behalf of Ameritech
5 Illinois, Nancy J. Hertel, H-E-R-T-E-L, 225 West
6 Randolph, 25D, Chicago, 60606.

7 MS. FRANCO-FEINBERG: On behalf of Covad
8 Communications Company, Felicia Franco-Feinberg,
9 227 West Monroe, 20th Floor, Chicago, Illinois
10 60606.

11 MR. SCHIFMAN: On behalf of Sprint
12 Communications, L.P., Ken Schifman, 8140 Ward
13 Parkway, Kansas City, Missouri 64114.

14 MR. BOWEN: Appearing for Rhythms Links, Inc.,
15 Stephen P. Bowen and Anita Taff-Rice, Blumenfeld &
16 Cohen, 4 Embarcadero Center, Suite 1170, San
17 Francisco, 94111.

18 MR. TOWNSLEY: Appearing on behalf of
19 WorldCom, Incorporated, Darrell Townsley, 205 North
20 Michigan Avenue, 11th Floor, Chicago, Illinois
21 60601.

22 MR. DUNN: On behalf of AT&T Communications of

1 Illinois, Inc., John Dunn, 222 West Adams, Suite
2 1500, Chicago, Illinois 60606.

3 MS. MANN-STADT: On behalf of Alcatel USA,
4 Inc., Rendi Mann-Stadt of the firm Hinshaw &
5 Culbertson, 400 South 9th Street, Springfield
6 62701.

7 MR. SHIELLS: And on behalf of Alcatel USA,
8 Inc., Theodore F. Shiells, Gardere, Wynne & Sewell,
9 1601 Elm Street, Dallas, Texas 75201.

10 MR. HARVEY: For the Staff of the Illinois
11 Commerce Commission, Matthew L. Harvey and Sean R.
12 Brady, 160 North La Salle Street, Suite C-800,
13 Chicago, Illinois 60601-3104.

14 JUDGE WOODS: We do have I believe one or two
15 pending matters. The first involves a Motion to
16 Quash Subpoena that was discussed yesterday. My
17 recollection is that I withheld ruling on the
18 motion as it pertains to request number 1 which
19 concerned manufacturing facilities that manufacture
20 Alcatel LiteSpan NGDLC equipment.

21 Based upon the testimony given by
22 Mr. Ireland yesterday, my inclination is to grant

1 the motion to quash. I believe Mr. Ireland was
2 clear that his testimony goes to the fact that only
3 line cards that are either licensed pursuant to a
4 license granted by Alcatel or otherwise Alcatel
5 compliant may be placed within the NGDLC equipment,
6 not simply Alcatel-specific line cards, and to that
7 end and with that clarification, I believe that the
8 information requested is not relevant to Covad's
9 case, so the motion to grant on request number 1 is
10 granted.

11 In addition, I withheld ruling on what I
12 believe was identified as Rhythms Ireland Cross
13 Exhibit 3 Proprietary. My understanding is that
14 Mr. Bowen wishes to address some of those matters
15 at this time. Mr. Bowen.

16 MR. BOWEN: Thank you, Your Honor.

17 Mr. Binnig's claim yesterday was that
18 this was either irrelevant or perhaps cumulative.
19 It is neither.

20 I've looked through and compared the
21 documents again last night and would just point out
22 for the record that the document marked and

1 admitted as Rhythms Rehearing Ireland Cross 2P is
2 not as broad in coverage as the document that
3 hasn't been ruled on yet; that is item 3.

4 Exhibit 3 really is, as I said, is the
5 fundamental business case document under which the
6 board relied, in part, to approve the Project
7 Pronto initiative, and it has in it materials that
8 the second document simply does not, including
9 declining cost curve assumptions, an entire section
10 on OSS which is completely absent from Exhibit 3,
11 as well as -- and that's important for the reasons
12 that we all know, including Mr. Ireland's testimony
13 that OSS was just a real thorn needle issue in
14 terms of unbundling and allowing UNE access to
15 Project Pronto. There are detailed discussions in
16 this June document concerning OSS, including the
17 systems that are affected, some cost estimates,
18 including year over year cost details for the
19 infrastructure OSS investments and individual
20 systems in some systems.

21 There are also information here about
22 what I characterized as the T1 rules. Mr. Ireland

1 was aware but not in possession of detailed
2 information concerning the plans of the company to
3 roll AMI T1s onto the fiber. There's a detail
4 discussion in this document about that as a key
5 part of the plan.

6 There also is information about the new
7 products of which Mr. Ireland could only recall one
8 or two on the stand. On page 19 there's a detailed
9 list of the whole series of products that they have
10 always planned to roll on this platform.

11 There also is a description in here of
12 support systems' enhancements which are only
13 vaguely referenced in the public announcements but
14 are detailed here in terms of what is being
15 supported, the actual expected cost of investment
16 for those and so forth, and there's a detailed
17 Appendix 10, again, on the DS1 to fiber
18 assumptions, including discussions of APON and wave
19 division multiplexing.

20 So this is not a cumulative document.
21 This is, frankly, the more detailed of the two.
22 This is the document on which the board relied to

1 approve -- relied, in part, to approve the \$6
2 billion investment, and the October 8, '99 document
3 already admitted simply is a predicate document to
4 the Investor Briefing and does not purport and does
5 not on its face contain all this information, so we
6 urge you to admit Cross Exhibit 3A.

7 JUDGE WOODS: 3P.

8 MR. BOWEN: P, whatever.

9 MR. BINNIG: Without reiterating what I said
10 yesterday, I still don't see its relevance.
11 There's nothing in here that is specific to
12 Ameritech Illinois. The OSS material that
13 Mr. Bowen addressed, well, that's OSS costs that
14 have nothing to do with unbundling related OSS
15 costs, so we believe the document is not relevant.

16 We also believe that to the extent there
17 is any relevant information relating to
18 Mr. Ireland's testimony, it is already set out in
19 Exhibit 2P, which is the financial backup for the
20 numbers that appeared in the Investor Briefing.

21 JUDGE WOODS: Well, without making a finding
22 on what exactly the OSS assumptions go to, I'll

1 leave that to the briefs. My review of the
2 document has convinced me that it should be
3 admitted. I think it does round out the record on
4 a number of the assumptions that are contained in
5 the next business case that was already admitted,
6 so it will be admitted at this time.

7 (Whereupon Rhythms Ireland
8 Rehearing Cross Exhibit 3P
9 was received into evidence.)

10 The final matter before we turn to
11 examination, my recollection is that at the end of
12 yesterday's hearing I think Mr. Binnig asked for
13 the opportunity to review any additional cross
14 exhibits that are going to be used for purposes of
15 determining either their materiality or their
16 authenticity. I did instruct Mr. Bowen to provide
17 those documents. He did, as I understand, do so
18 reluctantly after expressing to me off the record
19 his concern that that may have conferred some undue
20 advantage on Mr. Binnig by allowing him the
21 opportunity to see them in advance. At the time I
22 didn't particularly agree with him. I still don't

1 particularly agree with him, but in the interest of
2 fairness what I'm going to do is instruct all
3 parties on the break to please submit to any party
4 that you intend to cross-examine any documents that
5 you intend to use as cross exhibits to allow them
6 to review those documents for purposes of
7 determining authenticity and materiality, and
8 hopefully that will advance the hearing a little
9 bit rather than having the objections come up on a
10 fresh view when you see them for the first time.

11 MR. BINNIG: I have not been provided with any
12 additional documents other than the two exhibits
13 that have been admitted. I think there was some
14 provision of Alcatel-related documents to the
15 Alcatel counsel, but I have not been provided any
16 additional documents.

17 JUDGE WOODS: Okay. Well, I may have been
18 mistaken on whose suggestion it was and what
19 witness it was, but, at any rate, what I'm going to
20 do now is just instruct all the parties on the
21 break to show all the other parties any documents
22 they intend to use as cross exhibits in advance of

1 the witness appearing on the stand, and that way
2 we'll make sure everybody gets a fair shot at it.
3 Okay?

4 MS. MANN-STADT: And I might add at this late
5 date that we did get -- Alcatel did receive from
6 Rhythms the documents they plan to use in their
7 cross-examination of Dr. Random, and I know that
8 Covad and Sprint had concerns they did not, but I
9 will inform counsel for Sprint and Covad that our
10 witness is unavailable until he appears here today,
11 so he won't have any time to review them.

12 MR. BOWEN: Your Honor?

13 JUDGE WOODS: Yes.

14 MR. SCHIFMAN: Excuse me. I don't understand
15 that; he won't have time to review them. What does
16 that mean?

17 MS. MANN-STADT: I think your concern was that
18 you would be disadvantaged; that perhaps we would
19 be prepared to tell our witness what documents you
20 were using, and we are not in communication with
21 our witness until he shows up here, if that helps
22 you. That's all I was -- I'm addressing your

1 concern.

2 JUDGE WOODS: It doesn't help anybody because
3 the order from the bench is that everybody shows
4 everybody else all the cross exhibits, so that's
5 it, and I think that that is probably going to
6 become standard practice in most the hearings I
7 conduct from here on out. I just think it advances
8 things if everybody sees everything in advance.

9 Mr. Bowen.

10 MR. BOWEN: Yes. Again, for the record, we
11 did show counsel for Alcatel the documents
12 yesterday, and I think we actually have gotten a
13 subset of those, in effect, declassified; that is,
14 they've looked through them, they've talked to
15 their witness, and decided that while they were
16 produced under protection, they don't need to have
17 confidential status in the record, so we can
18 discuss those on the open record.

19 The second point I want to make is that
20 I have not yet decided on cross exhibits for a
21 great number of witnesses for Ameritech, including
22 Mr. Boyer and Mr. Keown. Once I do, I'll be happy

1 to identify for Ameritech what those documents will
2 be.

3 I take it you're talking about the
4 confidential ones, or are you talking about all of
5 them? All of them?

6 JUDGE WOODS: My order would be all of them.

7 MR. BOWEN: All of them.

8 JUDGE WOODS: Unless I can be convinced that
9 there's a good reason not to.

10 MR. BOWEN: Okay. As soon as I do make that
11 decision I'll let them know, but I can't do it at a
12 break for Mr. Boyer and Mr. Keown, the next two
13 witnesses up.

14 JUDGE WOODS: We'll see how it works out.

15 MR. BOWEN: Okay.

16 MR. SCHIFMAN: Your Honor, would you like for
17 me to show Ameritech the exhibits for Mr. Ireland
18 that I plan to introduce?

19 JUDGE WOODS: No. We'll do that on -- I think
20 Mr. Ireland is already in the dock, and so we'll
21 just let him go with the way we've been going, but
22 I think for the future witnesses we'll adopt that

1 procedure.

2 MR. SCHIFMAN: Okay.

3 MR. BOWEN: Your Honor, I do have a couple of
4 procedural matters beyond the ones we've discussed.
5 Would you like to hear those now?

6 JUDGE WOODS: Okay.

7 MR. BOWEN: The first of those is that -- and
8 this bears to some degree on the second set of
9 Alcatel data requests; that is the ones that asked
10 for communications between SBC and Alcatel
11 concerning SBC's request for other card types.

12 We asked the same question of Ameritech,
13 and we got back essentially nothing in terms of
14 communications. Mr. Ireland under oath testified
15 yesterday he has had at least ten to a dozen
16 meetings with Alcatel. We do have the notes I
17 crossed him on yesterday that were actually
18 produced by Alcatel, not by SBC or Ameritech, which
19 indicate clearly that they discussed two card types
20 that SBC wanted in March of 2000. Mr. Ireland
21 testified under oath that there had been since then
22 ten to a dozen meetings that he was personally

1 involved in and that he was aware of other meetings
2 with other folks from SBC and Ameritech and Alcatel
3 on the topic of the LiteSpan platform and the cards
4 that fit in there.

5 We have nothing -- and he also testified
6 that these meetings were not impromptu; that there
7 were agendas; that there were e-mail transmissions
8 setting up meetings; that there were notes kept at
9 those meetings. We think that we have a right to
10 all of that material. We've had none of it
11 produced by Ameritech.

12 Now certainly Ameritech has that.
13 Alcatel must have it as well since they're both in
14 the meetings, and we're going to renew our request
15 to -- and this was in -- the same request was
16 issued to both Ameritech and SBC on this question
17 of what are you asking them to do with their
18 platform. This was in Covad/Rhythms/Sprint
19 eleventh set of data requests, request number 3.
20 The response we got back from Ameritech was what
21 we've gotten three or four times before, a
22 September 7th letter from Darrell Manser to James

1 Keown talking about three questions which became
2 part of Mr. Keown's testimony actually in various
3 spots in these cases, but there's nothing in here
4 at all that should have been in here on the order
5 of the agendas for these meetings, the notes that
6 were taken, the action items, the agreements, any
7 of the things that -- and let's be clear. Our
8 requests are broad enough to cover and produce
9 those materials. We asked for communications; we
10 asked for documents in the definitions in the data
11 requests. So we should have gotten everything that
12 Mr. Ireland testified he was aware existed already
13 in response to the eleventh set, third question,
14 and we should have gotten from Alcatel or we should
15 get from Alcatel, now that you've ruled on question
16 3 of set two from their side of the table, we
17 should have gotten a lot of materials from
18 Ameritech. We should get parallel materials from
19 Alcatel, and so we're renewing the request in the
20 eleventh set, question 3, and asking you to compel
21 production of Ameritech of all the materials that
22 are responsive to that request, including the

1 meeting notes, minutes, agendas, and related
2 materials that Mr. Ireland testified exist for the
3 meetings he was at as well as those that other SBC
4 personnel were at concerning the Alcatel LiteSpan
5 NGDLC product.

6 JUDGE WOODS: Mr. Binnig.

7 MR. BINNIG: Well, I think Mr. Ireland's
8 testimony is different from what it has been
9 characterized. I think he indicated that he had
10 attended approximately ten to twelve meetings. I
11 don't think he testified that there were notes that
12 he was aware of for any of those meetings other
13 than this one. He did testify that he recalled
14 seeing agendas. Whether those agendas even exist
15 now he did not address.

16 We would certainly be happy to go back
17 and look again and confirm whether there are
18 additional documents relating to those meetings.
19 If there are, we will produce them, but there very
20 well may not be.

21 MR. BOWEN: Well, Your Honor, that simply
22 stretches belief beyond the breaking point. This

1 is not how SBC or Alcatel does business. You don't
2 have meetings where people fly across the country
3 and no one takes notes and writes things down. It
4 doesn't happen that way, so Ameritech simply has
5 not produced. We know they exist. We can take
6 Mr. Ireland voir dire and see if that's true or
7 not, but I would bet a lot of money that there are
8 notes kept, that there are agendas that are sent
9 out, and that there are follow-up action item lists
10 just like the one he saw. That's not a unique
11 document. That's one in a series, and we want
12 them.

13 MR. BINNIG: They may no longer exist, despite
14 Mr. Bowen's wishes to the contrary, but we will
15 check.

16 MR. BOWEN: Well, Your Honor, let me just
17 point out that the document yesterday we couldn't
18 read, counsel for Alcatel produced a readable copy
19 this morning, so at least for the documents that
20 are at least a year old they're still someplace
21 because we now have a better copy, which we'll
22 supply to Your Honor for the official record that

1 you can actually read.

2 JUDGE WOODS: Okay.

3 MS. MANN-STADT: If I could address the
4 document in question that counsel for Rhythms wants
5 to surmise is in a stack somewhere, we called
6 counsel in Dallas. They just put it on their Xerox
7 machine and increased the darkness so you could see
8 it better. They didn't go back and look for other
9 originals. They just took what was also a poor
10 original that they had and enhanced it.

11 There's no stack of documents waiting
12 that we haven't given you, and despite what you
13 would bet on, we believe that we have combed the
14 company to give you answers that are responsive to
15 produce documents.

16 We will represent to Your Honor that we
17 will go back and check and make sure that there are
18 not agendas or minutes or so forth. You can ask
19 our witness this afternoon if he believes there are
20 others. Best efforts are what we can give.

21 JUDGE WOODS: Okay. Well, instead of using a
22 comb this time let's use a nitpick and see if we

1 can find something.

2 MR. BOWEN: Your Honor, the second item
3 concerns the issue of voice-over-DSL. The context
4 here is -- our position is, as I think you're aware
5 through our statements and through our witnesses'
6 testimony, that we need access to Project Pronto as
7 UNEs instead of only through wholesale broadband
8 service because UNEs let us use the platform for
9 all it can be, where at wholesale broadband service
10 what we get is what SBC chooses to offer.

11 The issue of voice-over-DSL is important
12 because we believe there is technology available
13 right now to be able to do that. We want to
14 consider doing that, and Mr. Ireland testified
15 yesterday that, first of all, SBC is in lab tests
16 through TRI with the products from a number of
17 manufacturers. Second of all, those manufacturers
18 believe that their product is commercially ready.
19 Third of all, that SBC does not concur; they
20 haven't met SBC's standards, whatever those might
21 be, and, fourth of all, that he estimates that the
22 product won't roll out in SBC territory until the

1 end of next year.

2 We have asked for SBC's plans for
3 voice-over-DSL a couple of times and have gotten
4 back an answer saying it's not relevant, and so
5 most recently in the ninth set of data requests we
6 asked whether SBC plans to deploy or offer
7 voice-over-DSL. We asked for details about that,
8 and we got an objection. We asked another
9 question. This is the ninth set, questions 15 and
10 16. We got an objection as to relevance, and we
11 got a reference to the October 18, '99 press
12 release and Investor Briefing for all the
13 information SBC had about voice-over-DSL.

14 Again, that cannot be a complete
15 production. That cannot be the truth because their
16 own witness has testified that there have been
17 discussions, trials, whatever, considerations about
18 voice-over-DSL. I think we're entitled to
19 understand that if we're being asked to take the
20 wholesale broadband service platform only and not
21 get UNEs, I think we're entitled to inquire exactly
22 what SBC is doing to review and approve

1 voice-over-DSL because as far as we're concerned,
2 if the manufacturers want to offer that equipment
3 now and a UNE platform will support that, we're
4 entitled to get that and to use that, so we would
5 like you to compel production of all the materials
6 that SBC has that we asked for concerning
7 voice-over-DSL in the two-day request I just
8 referenced.

9 JUDGE WOODS: Mr. Binnig.

10 MR. BINNIG: Well, I'll just reiterate our
11 objection on relevance grounds. I mean to the
12 extent there is any relevance to voice-over-DSL, I
13 think the relevance is what SBC's plans are, and I
14 think Mr. Ireland has testified to what those plans
15 are.

16 With respect to manufacturers'
17 representations about whether they believe they are
18 manufacturing products that provide that service,
19 again, I don't see the relevance. I mean the facts
20 that are relevant to this case is what Ameritech
21 deploys, the Alcatel LiteSpan system, and what that
22 system is capable of doing, and I think the facts

1 are undisputed that that system right now does not
2 provide voice-over-DSL. Mr. Ransom I think will be
3 available to address whether at some point that may
4 be supported, but it's not supported now. It's not
5 capable now. It just doesn't exist now.

6 JUDGE WOODS: Okay, and I think that because
7 that is your position that that makes documents
8 supporting that position discoverable, so I think
9 that you should provide any documents that SBC has
10 in its possession regarding the possibility of
11 providing voice-over-DSL, so that will be the
12 order.

13 MR. BOWEN: And, Your Honor, I guess I need to
14 just -- the witness testified that SBC is offering
15 a CBR PVC that will support voice-over-DSL right
16 now inside of Ameritech, so I don't know what Mr.
17 Binnig is talking about. The platform does support
18 voice-over-DSL right now.

19 JUDGE WOODS: Okay. The order has been
20 entered, so I don't need to --

21 MR. BOWEN: Thank you, Your Honor.

22 JUDGE WOODS: -- rehash the testimony.

1 MR. SCHIFMAN: Your Honor, to clarify, that
2 does include documents by TRI, SBC's research
3 subsidiary?

4 JUDGE WOODS: Anything within SBC's
5 possession, yes.

6 MR. BOWEN: Thank you, Your Honor.

7 JUDGE WOODS: Certainly.

8 Mr. Schifman.

9 MR. SCHIFMAN: Yes.

10 ROSS K. IRELAND
11 called as a witness on behalf of Ameritech
12 Illinois, having been previously duly sworn, was
13 examined and testified further as follows:

14 CROSS EXAMINATION

15 BY MR. SCHIFMAN:

16 Q. Good morning, Mr. Ireland. Ken Schifman
17 from Sprint.

18 A. Good morning.

19 Q. First of all, I'm going to follow up on
20 a few questions that Mr. Bowen asked you yesterday.
21 One of the things that you discussed is that -- in
22 your testimony you talk about Ameritech Illinois

1 has suspended its deployment of Project Pronto here
2 in Illinois. Is that correct?

3 A. Yes, it is.

4 Q. Okay. And Mr. Bowen discussed with you
5 a Texas case where unbundling Project Pronto was an
6 issue, and there has been an arbitrator's decision
7 issued in that case. Is that not true?

8 A. I believe that's true, yes.

9 Q. Okay. And you're also aware that
10 there's a California state public utility
11 commission case that concerns Project Pronto
12 unbundling, are you not?

13 A. I am.

14 Q. And you're going to be -- and you have
15 prefiled testimony in that case. Is that correct?

16 A. I do, yes.

17 Q. Okay. And California, Texas, and
18 Illinois are SBC's three biggest states as far as
19 line count. Is that true?

20 A. I believe so.

21 Q. Okay. And if all three of those states
22 order you to unbundle Project Pronto in the same

1 manner that the Illinois Commission has ordered you
2 to unbundle, I believe you testified that you would
3 suspend deployment in those other two states as
4 well. Is that right?

5 A. I would consider that, yes.

6 Q. Okay. You would consider that or -- was
7 that not your testimony yesterday where you said
8 that you would give the advice to or propose to the
9 board of directors to stop or suspend the
10 deployment if the Commission in those two states
11 made an order similar to this Commission's order?

12 A. I think my specific words were it is
13 likely that we would suspend.

14 Q. Okay. If that happened, if all three
15 states, Illinois, California, and Texas, ordered
16 unbundling of Project Pronto, would you scrap the
17 entire project 13-state wide? Would you stop
18 deploying Project Pronto throughout the entire SBC
19 region?

20 A. I don't know. I'd probably have to go
21 back and relook that. I don't think so off the
22 top.

1 Q. How much of your investment for Project
2 Pronto has been spent already? How much of the \$6
3 billion has already been expended?

4 A. I don't know the exact figures on that.
5 I would guess about two-thirds.

6 Q. Two-thirds. You said two-thirds. Is
7 that correct?

8 A. I think that's correct, yes.

9 Q. Okay.

10 Q. And the reasons for you not deciding to
11 scrap Project Pronto as a whole as I termed that
12 word or suspend deployment is because much of your
13 investment has already been spent in deploying
14 Project Pronto?

15 A. No, I don't think that's the case. The
16 real issue is in the other states, if the terms and
17 conditions are such that that's a good investment,
18 that I can make money on it, we would want to
19 continue to do that. We did not necessarily
20 believe that to be true given the difficulty of
21 implementing the conditions that were requested
22 here.

1 Q. Okay. And just to be clear, if you
2 suspended the DSL deployment in Illinois,
3 California, and Texas, you would still achieve
4 efficiencies from deploying Project Pronto for the
5 voice side of the platform. Is that correct?

6 A. I expect there would be some that would
7 be gained, yes.

8 Q. And can you quantify those for us?

9 A. Not specifically, but I can tell you
10 that they are substantially less than we had
11 initially forecasted in 1999.

12 Q. Mr. Bowen also covered with you,
13 Mr. Ireland, still kind of going on the same topic
14 about suspending Project Pronto deployment, you
15 discussed that one year was too long in a
16 competitive situation. If deployment was spread
17 out or suspended for a year, then your thought was
18 that it would be likely that you would not consider
19 restarting the project in Illinois. Is that right?

20 A. I would say another year's delay would
21 be very harmful, yes.

22 Q. And the same type of rationale would

1 apply for a CLEC too I imagine getting into the
2 competitive marketplace; that a year delay in
3 implementing a particular technology would be
4 serious competitive harm for that CLEC, would it
5 not?

6 A. I would expect so, yes.

7 Q. That's because the market for broadband
8 services is very competitive. Right?

9 A. Yes, it is.

10 Q. Can you turn to page 33 of your direct
11 testimony, please? And you talked a little bit
12 yesterday with Mr. Bowen about this testimony on
13 lines 1 through 5 about the broadband service
14 agreement and your commitment here to extend the
15 terms of the agreement. Let me talk to you a
16 little bit about number 1 that's in parenthetical
17 on line 2 of page 33 of the testimony. I don't
18 believe you talked about that with Mr. Bowen. That
19 says that broadband appendix would expire the same
20 date of the underlying interconnection agreement.

21 A. Yes, it does.

22 Q. Okay. So if Sprint had an

1 interconnection agreement with Ameritech Illinois
2 that ran for two years from this date, say we
3 signed an agreement today, Sprint would only have
4 the broadband service agreement for two years under
5 this scenario. Is that right?

6 A. That was not the intent. The intent was
7 that we would be willing to renew that in the next
8 agreement that we have with Sprint, but we would
9 ask that the broadband services portion of that
10 agreement would terminate by the year October 2004.

11 Q. Okay. So you're committing you would
12 re- up it for the period up until October 1 of
13 2004.

14 A. Yes, we would be willing to do that.

15 Q. Okay. And so we can consider your
16 testimony changed on that?

17 A. To the degree that that clarifies it,
18 yes.

19 Q. Okay. And you mentioned some concerns
20 that you would have with keeping the broadband
21 service agreement effective after October of 2004,
22 and I believe you mentioned with Mr. Bowen that

1 pricing was one of the issues that you were
2 concerned with; that you wanted the ability to
3 raise the prices above the TELRIC costs. Is that
4 true?

5 A. I'd like to have that option, yes.

6 Q. Okay. And are there any other concerns
7 that you had with the broadband service agreement?
8 Any other terms or condition that you would like to
9 have the ability to change after October 1, 2004?

10 A. There may be several. I mean by October
11 1, 2004, it's not clear to me that this product
12 would even have value in the marketplace given that
13 other products may supersede it. It may be that
14 the marketplace changes dramatically between now
15 and then, as it has since 1999, so it's not clear
16 to me exactly what might occur between now and
17 then, but I think it's important for us as a
18 company to hold the option to be able to make
19 changes in this product at that time.

20 Q. The one thing you can identify for us
21 right now is pricing, right, that you may want to
22 change in October 2004?

1 A. It's certainly something we would
2 consider, yes.

3 Q. Can you turn to the last page of your
4 rebuttal testimony, page 13? I believe yesterday
5 you discussed with Mr. Bowen the concept of the UNE
6 platform. Do you remember that discussion?

7 A. Yes, I do.

8 Q. And you testified that you didn't
9 understand or you didn't have an understanding of
10 what the UNE platform is. Is that true?

11 A. Essentially.

12 Q. Okay. Tell me what you meant by the UNE
13 platform here on page 13, line 3, of your rebuttal
14 testimony?

15 A. I was trying to describe that platform
16 as it was described by Mr. Clausen in his
17 testimony, which was essentially putting together
18 the broadband services offering and simply calling
19 that a UNE platform.

20 Q. Okay. So in your testimony you knew
21 what UNE platform was or is under Mr. Clausen's
22 understanding, but you didn't have an independent

1 understanding of what a UNE platform is?

2 A. I didn't take it in that context
3 particularly.

4 Q. I think that's the end of my questions
5 following up on Mr. Bowen's questions yesterday.

6 If you could, turn back to page 6 of
7 your direct testimony. Actually this does follow
8 up a little bit on what Mr. Bowen talked about with
9 you yesterday. You have a description of the
10 Project Pronto project as an ambitious, expensive,
11 and risky network project. Do you remember talking
12 about that with Mr. Bowen yesterday?

13 A. Yes, I do.

14 Q. How did -- well, strike that. A little
15 bit first here.

16 Before you decided to invest in Project
17 Pronto, SBC did a business case analysis, and I
18 believe it has been introduced into the record as
19 an exhibit in this case. Is that right?

20 A. That's true.

21 Q. Okay. And did SBC consult any outside
22 vendors, investment bankers, about your business

1 case analysis?

2 A. I don't know.

3 Q. Let me show you one that we've got that
4 was produced.

5 Does this refresh your recollection,
6 this exhibit that I just passed out which is
7 entitled Salomon Smith Barney Project All Bran,
8 Preliminary Discussion Materials?

9 A. I have not seen this document before.
10 At the time that the original project was put
11 together this function was not within my work group
12 specifically; that is the Pronto business case was
13 produced independently in a different group.

14 Q. Okay. You're aware that the business
15 case analysis did occur. Is that true?

16 A. I did see that business case, yes.

17 Q. Okay, but you didn't specifically see
18 this document.

19 A. No, I've not seen this document.

20 Q. Okay. Are you aware that Salomon Smith
21 Barney performs work for SBC, investment banking/
22 consultant type work?

1 A. Not specifically, no.

2 Q. You're not aware that Salomon Smith
3 Barney did an analysis of the merger synergies
4 between Ameritech and SBC when the merger occurred?

5 A. No, not specifically I'm not.

6 Q. Mr. Ireland, do you know how SBC
7 financed the Project Pronto build-out of \$6
8 billion?

9 A. No, I don't.

10 Q. Do you know if SBC issued additional
11 equity to finance that build-out?

12 A. No, I don't.

13 Q. You don't know if SBC financed the
14 build-out with bonds?

15 A. No, I don't.

16 Q. And you don't know if they just financed
17 the build-out with their capital expenditure
18 budget.

19 A. I know the project was funded within the
20 capital budget of which I have a piece of.

21 Q. Do you have the '99 Investor Briefing
22 with you?

1 A. No, I don't.

2 MR. SCHIFMAN: Could counsel provide him with
3 one?

4 MR. BINNIG: I don't have a copy here. Again,
5 if we're going to have him read from a document
6 that's already in the record, I think we're wasting
7 time.

8 MR. SCHIFMAN: May I approach the witness?

9 JUDGE WOODS: Yes, as long as you're not going
10 to have him read from it.

11 MR. SCHIFMAN: I'm not going to have him read
12 from it. I'm just going to show him --

13 MR. BOWEN: That would be wrong.

14 MR. SCHIFMAN: For the record, I've handed the
15 witness the October 1999 Investor Briefing. It's
16 been made an exhibit in this case. It's also
17 attached to Mr. Burt's testimony from Sprint as
18 JRB-2.

19 Could you turn to page 10 of that
20 Investor Briefing?

21 A. This document is not paginated, so I --

22 Q. It's at the bottom left.

1 A. There are no pages on the bottom left.
2 Can you tell me the heading at the top or something
3 else?

4 Q. There's a text box at the bottom in gray
5 that says Asynchronous Transfer Mode.

6 A. I do have that page.

7 Q. Okay. Can you just take a look at the
8 paragraph on the left side of the document? Does
9 that refresh your recollection about how this
10 project was funded?

11 A. There is a statement that indicates it
12 can be done with existing capital structure.

13 Q. Okay. And that's your understanding of
14 how the project was funded?

15 A. To the best of my knowledge.

16 Q. Okay. There's also a statement down in
17 that same column about SBC is evaluating whether
18 the network initiatives will result in a write-down
19 to the carrying value of portions of its copper
20 network, especially the local loop. Can you
21 explain to me -- well, first of all, did SBC write
22 down the carrying value of portions of its copper

1 network?

2 A. To the best of my knowledge, no, they
3 did not.

4 Q. Is that a final decision to the best of
5 your knowledge?

6 A. To the best of my knowledge, yes, it is.

7 Q. And when was that decision made?

8 A. I don't recall exactly.

9 Q. Why was SBC investigating writing down
10 the carrying value of portions of its copper
11 network?

12 A. It would only be conjecture on my part.
13 I wasn't involved in this at that point in time.

14 Q. You weren't involved in what?

15 A. I wasn't involved in the outside plant
16 portion of Project Pronto in 1999 when this work
17 was done.

18 Q. You were the Chief Technology Officer of
19 the company at that time?

20 A. At that time I was the Chief Engineer of
21 the company, and I had only the inside plant
22 responsibilities.

1 Q. Okay.

2 I'm finished with that document for now.
3 You can set it aside.

4 Mr. Ireland, are you aware that
5 Mr. Boyer testified and I believe you testified
6 yesterday that at some point SBC was considering
7 offering a Project Pronto network as a UNE
8 offering? Is that right?

9 MR. BINNIG: I'm going to object to the
10 compound nature of the question. There was a
11 question did he testify about that, and there was a
12 question is he aware that Mr. Boyer testified.

13 MR. SCHIFMAN: Okay. I'll split it into two
14 questions.

15 Q. Are you aware that Mr. Boyer testified
16 at one point Project Pronto was going to be
17 classified as UNEs by SBC?

18 A. I do not know specifically that he would
19 have done that or said that, no.

20 Q. Did you testify to that point yesterday?

21 A. That at one time we believed this was a
22 UNE? I'm trying to understand the question. I

1 apologize.

2 Q. Yes, that is my question to you.

3 A. No, I don't believe at any time we
4 believed that this would be a UNE under the
5 determination that the FCC determines what is a
6 UNE. We don't make that determination.

7 Q. But you called it a UNE in your internal
8 materials. Is that right?

9 A. I've seen one document that I saw
10 approximately two weeks ago where that terminology
11 was used. I don't know the context under which it
12 was used.

13 Q. And you stated in your response to my
14 previous question that SBC doesn't declare
15 something a UNE; it's the FCC that does?

16 A. Or a regulatory body of some sort, yes,
17 that's correct.

18 Q. Okay.

19 A. That's my understanding.

20 Q. Right, and this Commission can declare
21 something a UNE under your understanding. Is that
22 right?

1 A. That's true.

2 Q. Okay. So you are aware that at one
3 point SBC called the offering a UNE, right?

4 A. I saw a document that had those specific
5 terms on the document. I do not know the use of
6 that document. My understanding is Mr. Boyer
7 actually produced that document. He would probably
8 be more knowledgeable on that subject.

9 Q. Okay.

10 And now what you're offering CLECs is
11 the broadband service. Is that right?

12 A. That is correct.

13 Q. Okay. Do you know when the decision was
14 made to stop calling the offering UNEs and start
15 calling it a broadband service?

16 A. Certainly in the September or so time
17 frame when we had the Pronto Waiver Order. I
18 believe that terminology was actually adopted and
19 codified as part of that order, so that's my belief
20 as to when it became official. I think it was in
21 the order, but I am not certain.

22 Q. Okay. Do you know who made the decision

1 to call it a broadband service rather than a UNE?

2 A. No, I do not.

3 MR. SCHIFMAN: I'm going to ask the witness a
4 few questions about the Project Pronto Waiver Order
5 and whether or not SBC has implemented commitments
6 from that order. Does counsel have a copy of that
7 order that he can give the witness?

8 MR. BINNIG: Not here, no.

9 MR. SCHIFMAN: Well, I guess we can just talk
10 about it.

11 MR. BINNIG: Well, if you're going to be
12 reading from a document, I'd like the witness to
13 have a copy of the document.

14 MR. SCHIFMAN: Well, obviously, the Project
15 Pronto Waiver Order is available to you. You guys
16 have multiple copies of it I'm sure.

17 MR. BINNIG: Your Honor, I'm going to object
18 to questions that ask about details in the order if
19 the witness is not supplied a copy to have in front
20 of him to follow along.

21 JUDGE WOODS: Well, I think his responses
22 without the document in front of him -- if you're

1 going to ask him does it say that, then I'm going
2 to cut you off in midstream because we're not going
3 to ask him if the order says something.

4 MR. SCHIFMAN: Right.

5 JUDGE WOODS: If you want to ask him about his
6 knowledge of the order, I'm not sure it would be
7 necessary that we have it in front of him, so.

8 MR. SCHIFMAN: Okay.

9 JUDGE WOODS: Without it in front of him I
10 think it truly tests his knowledge. With it in
11 front of him and simply reading from it and asking
12 him does it say that I think doesn't advance the
13 hearing, so. We're going to do one way or the
14 other, but.

15 MR. SCHIFMAN: I will not ask him if it says
16 this.

17 JUDGE WOODS: Okay.

18 MR. SCHIFMAN: I do have an extra copy of the
19 order. I will present it to the witness.

20 JUDGE WOODS: All right.

21 MR. SCHIFMAN: For the record, I've presented
22 the witness the what we've been calling in this

1 case Project Pronto Waiver Order. It's the Second
2 Memorandum Opinion and Order in FCC Docket 98 -141
3 released September 8, 2000.

4 Q. Can you turn to page 25, paragraph 42 of
5 that order, Mr. Ireland?

6 (Brief pause in the proceedings.)

7 Are you there, Mr. Ireland?

8 A. I am.

9 Q. The second sentence talks about SBC
10 committing to make available all features,
11 functions, and capabilities in the equipment
12 installed in the remote terminals. Has SBC done
13 that?

14 A. To the best of my knowledge we have,
15 yes.

16 Q. Has SBC made committed bit rate product
17 above 96 kilobits available to CLECs in the
18 broadband service agreement?

19 A. No, I don't believe that we have.

20 Q. And you believe that it is technically
21 feasible to provide a committed bit rate product
22 over 96 kilobits. Is that not true?

1 A. It is technically feasible to do so.
2 However, it's a tremendous capacity consumer.

3 Q. But a committed bit rate above 96
4 kilobits is a feature, function, or capability of
5 the LiteSpan equipment, is it not?

6 A. I believe it is, yes.

7 Q. And at this point in time the LiteSpan
8 equipment is capable of providing permanent virtual
9 paths. Is it?

10 A. There's a permanent virtual path used in
11 the LiteSpan equipment between the OCD and the
12 actual RT site.

13 Q. And it is technically feasible for SBC
14 to provide a permanent virtual path to a CLEC in
15 the Alcatel LiteSpan equipment. Right?

16 A. I don't know specifically how you would
17 do that.

18 Q. One permanent virtual path per channel
19 bank, as I understand your witness's testimony,
20 that it is possible to do that. Right?

21 A. There is one permanent virtual path. I
22 don't specifically know, and, frankly, even in the

1 order that was produced asking me to unbundle it,
2 how I would actually go about doing that. As I
3 indicated to you, that's a virtual capability.
4 There is no physical interface per se to produce
5 that virtual capability.

6 Q. But a permanent virtual path is a
7 feature, function, or capability of the LiteSpan
8 equipment, right?

9 A. It's a capability provided to
10 interconnect the LiteSpan with other pieces of
11 equipment, in this case the OCD.

12 Q. It's a function of the LiteSpan, right?

13 A. It's a function that is performed by the
14 LiteSpan to provide a PVP so that it can be
15 connected with another facility.

16 Q. Can you turn to paragraph 45 of that
17 order, page 26? About three-quarters of the way
18 through that paragraph it discusses that under its
19 final proposal SBC will offer such existing
20 features as constant bit rate and virtual paths
21 which allow competitive LECs to offer carrier grade
22 voice-over-DSL and other bandwidth intensive

1 applications. Has SBC complied with that
2 commitment to the FCC?

3 A. Well, this was my first reading of this
4 virtual path wording. I don't know how we would
5 offer a virtual path physically.

6 Q. You proposed that to the FCC, however,
7 did you not?

8 A. Not me personally, no, but the company
9 did, yes.

10 Q. Okay.

11 A. Or apparently did. I did not see those
12 documents.

13 Q. Okay. And SBC offered to provide a
14 constant bit rate product to the CLECs. Is that
15 correct?

16 A. That is my understanding, yes.

17 Q. Okay. And it appears from this
18 paragraph that SBC offered to provide CLECs enough
19 bit rate to provide voice-over-DSL. Is that true?

20 MR. BINNIG: Well, Your Honor, I'm going to
21 object at this point because counsel is simply
22 excerpting pieces of this document without

1 disclosing what the actual commitments are, which
2 are in Appendix A to the document.

3 MR. SCHIFMAN: Counsel for Ameritech can ask
4 him questions on redirect if he wants to clarify.

5 MR. BINNIG: I will, but I think it's unfair
6 for excerpts of the document to be used here when
7 the actual conditions and commitments are contained
8 in an appendix which counsel is avoiding.

9 MR. SCHIFMAN: Your Honor, the witness has
10 described that the Project Pronto Order gave them
11 certainty as to deploying Project Pronto. It gave
12 them some sort of regulatory certainty. I'm trying
13 to determine if they've lived up to the commitments
14 that the FCC described that SBC made to them.

15 MR. BINNIG: And I don't know how that's
16 relevant. If we were in front of the FCC, that
17 could be relevant, but I don't know how that's
18 relevant here, Your Honor.

19 MR. SCHIFMAN: Well, this order itself talks
20 about that these commitments can be enforced at the
21 FCC or before state commissions, and that's where
22 we are. We're right here at the state Commission.

1 JUDGE WOODS: Really. And I thought I was in
2 nirvana.

3 (Laughter)

4 JUDGE WOODS: Leave it to Mr. Schiffman to
5 bring me crashing back to reality.

6 I think arguments about what the actual
7 commitments are can be done in brief. I'm a little
8 concerned that -- I think this goes more to what
9 SBC believes is possible to be provided over the
10 network architecture as opposed to whether or not
11 they've lived up to the FCC -- what they told the
12 FCC. I think the question can be phrased
13 appropriately, so I'm not going to sustain the
14 objection, although I would agree with Mr. Binnig
15 that whether or not they've lived up to commitments
16 made to the FCC is probably not particularly
17 relevant to this proceeding. I do think it is
18 relevant that they have made commitments as to
19 types of services that they believe can be provided
20 if they're now claiming that those services cannot
21 be provided, so you can continue for a little
22 while, but I think that the questions can be

1 phrased more artfully I believe.

2 MR. SCHIFMAN:

3 Q. Well, following up on Hearing Examiner
4 Woods' suggestion, it appears that SBC told the FCC
5 that voice-over-DSL was a possible application, did
6 it not?

7 A. Yes, it did.

8 Q. Okay. And so as of the time of the
9 Project Pronto Order, September 8, 2000,
10 voice-over-DSL was being considered by SBC, right?

11 A. Voice-over-DSL was being considered by
12 us, yes.

13 Q. And it was being considered to be
14 offered to CLECs too. Is that correct?

15 A. I don't believe there's -- let me sort
16 of describe what I believe to be true about
17 voice-over-DSL.

18 The broadband service that was offered
19 is capable of being able to handle voice-over-DSL,
20 so if a competitive carrier wanted to do so, the
21 technology exists to be able to provide that
22 service at the customer premise end and at the

1 other side of the wholesale service that would have
2 been offered by the ILEC. We don't believe that
3 technology is ready to be deployed, but it does not
4 necessarily require any change in the broadband
5 service itself.

6 Q. And you testified yesterday that the
7 voice-over-DSL offering with the 96 kilobit CBR
8 would provide one voice line. Is that true?

9 A. At 64 kilobits that's true. It could
10 provide more at lower bit rates.

11 Q. And Sprint's service, the Sprint Ion
12 service, are you familiar with that service?

13 A. No, I'm not.

14 Q. Well, I'll represent to you that our
15 Sprint Ion service provides four voice channels
16 over an ADSL circuit. Would that work over the
17 wholesale broadband service that makes one 96
18 kilobit CBR available?

19 A. It could work at 16 kilobits per
20 channel, or you could buy multiple CBRs.

21 Q. That wouldn't be very good voice quality
22 at 16 kilobits per channel, would it?

1 A. It would be certainly lower than higher
2 bit rates.

3 Q. And it would be certainly lower than
4 current POTS grade voice service, right?

5 A. It's higher than cellular typically.
6 It's lower than POTS.

7 Q. Well, getting to Mr. Binnig's suggestion
8 to go to the conditions in the Project Pronto
9 Waiver Order, we'll do so. Let's see; page 43 of
10 the document in front of you, paragraph 9, Advanced
11 Services Applicability. I'll give you a few
12 seconds to review that paragraph.

13 (Pause in the proceedings.)

14 Have you finished reviewing it,
15 Mr. Ireland?

16 A. I have reviewed it.

17 Q. What's your understanding about SBC's
18 decision or non-decision to fold back in their
19 advanced service affiliates into the SBC ILECs?

20 A. That is something that is being studied
21 internally inside the company to determine if it's
22 appropriate to do so or not.

1 Q. Why is that being studied?

2 A. It's being studied because the ASCENT
3 decision allowed us to consider the opportunity of
4 whether we want to do that or not.

5 Q. Okay. And when do you have to make that
6 decision?

7 A. I don't know the specific dates.

8 Q. If I represented nine months after the
9 ASCENT decision was issued, would that be
10 reasonable to you?

11 A. It sounds right. I'm not sure.

12 Q. Okay. So if SBC does fold the advanced
13 service affiliates back into the SBC ILECs, then
14 under this Condition 9 all the Project Pronto
15 conditions contained in this waiver order released
16 September 8, 2000 will go away. Is that right?

17 A. I'm not sure. I'd ask for a legal
18 opinion on that, but I'm not sure.

19 Q. Okay. We've talked a few times about
20 SBC's or Ameritech Illinois' decision to suspend
21 deployment of Project Pronto in Illinois. Right?

22 A. Yes.

1 Q. Are you aware that the Illinois
2 legislature passed a law effective July 1st of 2001
3 that had provisions in it regarding the deployment
4 of advanced services?

5 A. I do know that such an order has been
6 issued, yes.

7 Q. It was a statute that the legislature
8 passed and the governor signed. Is that not right?

9 A. I don't know those details.

10 Q. Okay. And are you aware that 13-517 of
11 that statute requires you to deploy advanced
12 services to 80 percent of your customer base in
13 this state by the year 2005?

14 MR. BINNIG: Again, I object. Mr. Schiffman is
15 reading from a statute and asking him if he's aware
16 of what the statute says. I don't see the
17 relevance. The statute says what it says. We can
18 argue that in our briefs.

19 MR. SCHIFMAN: Is he aware of the specifics of
20 the statutory section is what I'm asking.

21 JUDGE WOODS: Hopefully this is just
22 foundational.

1 MR. SCHIFMAN: Yes, it is.

2 JUDGE WOODS: Okay. You can ask him as a
3 foundation question.

4 A. I have not seen the detail of that order
5 nor any analysis of it.

6 Q. Okay. Well, hypothetically, just say
7 that SBC or Ameritech Illinois has to deploy
8 advanced services to 80 percent of its Ameritech
9 Illinois market by a certain time period. Can you
10 assume that with me?

11 A. I can.

12 Q. Okay. Can you do that without deploying
13 Project Pronto in Illinois?

14 A. Yes, I probably could.

15 Q. How can you do that?

16 A. I'd have several options. One is I
17 could resell another provider's service, as I've
18 done in some locations where I've been asked to
19 provide high-speed services to rural environments.
20 We resell satellite services under those
21 circumstances. The other option is I could look
22 for other ways to be able to deploy this technology

1 that would be less costly than the arrangement that
2 I have under Pronto. I don't know if such an
3 arrangement would exist. I have not studied that
4 yet, but it is possible that that would be an
5 alternative for me.

6 Q. But you would consider all of the
7 alternatives out there for the service that you are
8 seeking to offer, right?

9 A. I would.

10 Q. Okay. And you believe if you -- would
11 it be more economically feasible to address 80
12 percent of your market by deploying Project Pronto
13 instead of doing these other alternatives that you
14 have described?

15 MR. BINNIG: I'm going to object to the
16 vagueness of that question. We don't have I think
17 nearly enough facts in terms of what the
18 alternatives are to determine the relative economic
19 feasibility of each.

20 MR. SCHIFMAN: It's the witness's own
21 description of the alternatives that I'm relying
22 on.

1 MR. BINNIG: But he didn't discuss economic
2 feasibility of them. He just discussed
3 alternatives that he thought might be out there.

4 JUDGE WOODS: He can answer.

5 A. We would study the alternatives that are
6 available to us. We'd look at all the options.
7 We'd try to build the best option or use the best
8 option that met the criteria and met the best
9 business needs of SBC. I don't know what that
10 would be without actually going in and studying
11 those.

12 Q. And right now -- well, pre-suspension of
13 the deployment of Project Pronto here in Illinois,
14 the best option for SBC was to build Project
15 Pronto, right?

16 A. Pre the suspension? Yes, I believe that
17 would be the best option.

18 Q. Okay.

19 Mr. Ireland, is there any technical
20 reason why Ameritech Illinois could not use the
21 Project Pronto infrastructure that it has already
22 put into the ground here in Illinois to provide

1 voice services?

2 A. As I indicated to you earlier, the
3 technology to actually provide voice services over
4 the high-speed services bit stream we do not
5 believe is ready to deploy at this time.

6 Q. I'm talking about over the TDM side of
7 the architecture. It's technically possible to do
8 that, right?

9 A. Yes, it is.

10 Q. And it's technically possible for
11 Ameritech to change their customers who are on
12 their existing copper loops now, home run copper,
13 to the NGDLC architecture that has been deployed
14 here in Illinois.

15 A. Technically possible to do that, yes.

16 MR. SCHIFMAN: I'm going to pass out a few
17 more documents here.

18 JUDGE WOODS: Okay.

19 Q. Mr. Ireland, I put in front of you a
20 document entitled Investor Briefing, December 19,
21 2000. We'll mark that as Sprint Ireland Cross
22 Exhibit on Rehearing 1. Did I do that right, Your

1 Honor?

2 JUDGE WOODS: Sounds good to me.

3 (Whereupon Sprint Ireland
4 Rehearing Cross Exhibit 1
5 was marked for
6 identification.)

7 Q. Mr. Ireland, this is the Investor
8 Briefing that SBC released to the investment
9 community in December of 2000. Do you recognize it
10 as that?

11 A. I do.

12 Q. And can you turn to page 3 of that
13 document, please? The document talks about SBC
14 expecting to continue a measured approach to Pronto
15 deployment and DSL marketing in the Ameritech
16 region. Do you see that?

17 A. Yes, I do.

18 Q. And before that it talks about Ameritech
19 service quality problems in Illinois and elsewhere
20 in the Ameritech region. Is that right?

21 A. I'm missing that.

22 Q. On page 2 it says, "In September of this

1 year, Ameritech launched a program to raise service
2 quality up to the traditional high levels of SBC
3 companies."

4 A. I do see that, yes.

5 Q. Is it your understanding that Project
6 Pronto deployment in the Ameritech region was
7 slower than in the SBC or SWBT and PacBell regions?

8 A. It came later. It started later. I
9 don't know necessarily that it was any slower in
10 its implementation.

11 Q. And the reason for that is what's listed
12 here in this document? That SBC had to
13 institutionalize improvement and stabilize work
14 loads?

15 A. I do know that we had to do that. I
16 don't know if that was the specific reason why we
17 did not start as early. I've just forgotten.

18 Q. Can you turn to the previous page on
19 page 2? The right-hand column it discusses in the
20 near term, a ramp up of SBC's DSL rollout continues
21 to be impacted by a late start in its Ameritech
22 markets.

1 A. This is on page 2?

2 Q. Yes, on the right-hand column, as the
3 company completes service upgrades. Does that
4 refresh your recollection as to why the Project
5 Pronto rollout here in Illinois was later than the
6 rest of this SBC territory?

7 A. I have read it. That seems right, yes.

8 Q. Okay. So this built on the 1999
9 Investor Briefing that we saw and discussed earlier
10 in that it discusses that SBC is still continuing
11 to build out its Project Pronto initiative. Right?

12 A. Essentially, yes.

13 Q. Okay. And that as of this time it still
14 intended to do the things that you talked about and
15 provide the services that SBC talked about in the
16 1999 Investor Briefing?

17 A. Generally it's our best belief of what
18 the entire company was looking at in general, yes.

19 MR. SCHIFMAN: I'll pass out another document
20 here.

21 (Whereupon Sprint Ireland
22 Rehearing Cross Exhibit 2

1 was marked for
2 identification.)

3 Q. Mr. Ireland, I've just handed you an
4 exhibit entitled Investor Briefing dated April 23,
5 2001. We'll mark that for the record Sprint
6 Ireland on Rehearing Cross Exhibit 2. Are you
7 familiar with this document, Mr. Ireland?

8 A. I have seen this, yes.

9 Q. And can you describe to us -- generally
10 what does SBC do in its investor briefings when it
11 sends these documents out?

12 A. It tries to give a brief update of
13 what's going on in the business and what might
14 occur in the future.

15 Q. Okay. On page 4 of this document
16 there's a quote from Chairman and CEO Ed Whitacre
17 on the left-hand column talking about SBC's
18 broadband service.

19 A. Yes, I see that.

20 Q. And Mr. Whitacre as of that time, April
21 23, 2001, stated that SBC was confident in its
22 business model. Do you see that?

1 A. I do.

2 Q. Is he discussing the business model that
3 SBC presented in the 1999 Investor Briefing that
4 we've discussed earlier?

5 MR. BINNIG: I'll object to lack of
6 foundation. I don't know how this witness can
7 testify as to what Mr. Whitacre was talking about.

8 JUDGE WOODS: He can answer if he knows. If
9 the answer is I don't know, then that's the answer.

10 A. I don't know exactly what Mr. Whitacre
11 was thinking of.

12 Q. Well, I'm shocked.

13 Let's go at it this way. SBC had a
14 business case when they implemented Project Pronto,
15 right?

16 A. That's true.

17 Q. And portions of that business case have
18 been introduced as exhibits in this record. Is
19 that right?

20 A. That's true.

21 Q. And SBC intended to implement those
22 measures from its business case as of the time when

1 that business case was presented in 1999. Is that
2 right?

3 A. That's true.

4 Q. Okay. Are you aware of any business
5 model different than the one that was presented in
6 1999 with the original Investor Briefing?

7 A. I don't know of a different business
8 model per se, but there have certainly been many
9 changes in what we've actually been able to
10 accomplish or what we've seen as costs and
11 capabilities that have differed because the market
12 has changed, the technology has changed, etc.

13 Q. And some of those changes are what you
14 discussed with Mr. Bowen yesterday. Correct?

15 A. Some of them, yes.

16 Q. Okay. For example, SBC at one point and
17 I believe you testified still is considering voice
18 trunking over ATM. Right?

19 A. That's correct.

20 Q. And one of the possibilities for that,
21 one of the technology changes may be trunking over
22 IP instead of trunking over ATM. Is that right?

1 A. That's one option, yes.

2 Q. And Mr. Whitacre talks about a business
3 model in this document, and you stated that you're
4 not aware of any other business models. However,
5 there may have been some changes to the original
6 business model. Right?

7 A. I simply don't know what he meant by
8 business model in that context.

9 Q. Okay. And SBC -- however, as of the
10 time of this April 23, 2001 document, SBC continues
11 to believe that it should be expanding its DSL
12 growth platform. Do you agree with that statement?

13 A. Generally we were hopeful to be able to
14 do that, yes.

15 Q. Okay, and this document, this Investor
16 Briefing, was released after this Commission's
17 original order in the Covad/Rhythms arbitration,
18 right?

19 A. I believe that's right.

20 Q. Okay, and it was released after the
21 Commission's Order on Rehearing in that Covad/
22 Rhythms arbitration, right?

1 A. I believe that's --

2 MR. BINNIG: Its arbitration decision on
3 rehearing?

4 MR. SCHIFMAN: Yes.

5 A. I believe that's correct.

6 Q. Okay, and issued after this Commission's
7 decision in the case below, the 0393 case.

8 A. I don't remember the specific date of
9 that one.

10 Q. Could you turn to the next page of that
11 document? It discusses -- in the middle column it
12 discusses SBC continues to move rapidly with
13 Project Pronto, and the central thrust of this
14 deployment are reaching more potential customers
15 and moving many more customers into the 14,000 foot
16 and under zone, and then it discusses some
17 financial characteristics with customers that are
18 inside that 14,000 foot zone. What are those
19 superior financial characteristics for those types
20 of customers?

21 A. Inside 14,000 feet you can get higher
22 speed services. Existing technology will do that.

1 It's merely a matter of how you program the modem
2 and what type of service the retail provider
3 ultimately elects to choose.

4 Q. SBC intends to provide a 6 megabit
5 service as part of its Project Pronto rollout. Is
6 that true?

7 A. It's technically possible to do that on
8 the existing infrastructure.

9 Q. That's part of the product set that SBC
10 wanted to offer with its Project Pronto rollout,
11 right?

12 A. It's a retail product that's being
13 offered by our retail arm.

14 Q. But SBC wanted to enable your retail arm
15 to provide 6 megabit product, right?

16 A. It's something that the underlying
17 capability allows you to do. It is there already.
18 It simply requires a short loop, and if you have a
19 short loop, you can achieve very high speeds over
20 this network.

21 Q. And the Project Pronto project is
22 shortening loops. That's one of the purposes of

1 it. True?

2 A. Yes, it does, copper loops.

3 Q. And it shortens copper loops to 12,000
4 feet and under. Is that true?

5 A. Technically it shortens the copper
6 portion of the loop so that that copper portion
7 typically is 12,000 feet or less.

8 Q. So with that 12,000 foot and less length
9 for a copper loop portion, SBC can offer its retail
10 customers the superior financial characteristics
11 that is discussed here in this exhibit. Right?

12 A. Any competitor can offer that, including
13 SBC's internal AADS company.

14 Q. If Sprint were to get -- I believe one
15 of the alternatives that SBC is offering Sprint and
16 the other CLECs is to use home run copper and to
17 collocate a DSLAM in the central office, right?

18 A. That's certainly an option that can be
19 used.

20 Q. And to the extent we provide service
21 over that type of architecture and the loop is
22 greater than 14,000 feet, Sprint as a CLEC will not

1 be able to achieve these superior financial
2 characteristics. Right?

3 A. It depends on the technology actually
4 used. There are other technologies that will have
5 further reach than the ADSL technology. Higher
6 speeds tend to be harder. Longer loops tend to
7 generate slower speeds.

8 Q. In the last column of that page it talks
9 about SBC expects to begin trials of several new
10 applications. Can you describe for us what those
11 new applications that SBC is expecting to begin
12 trials of?

13 A. We are looking at a video-gaming
14 application that might be made available over this
15 platform. We are looking at an application that
16 would allow a customer to have access to more than
17 one capability; as an example, not just access to
18 the Internet, but the ability to move that access
19 to other interfaces such as being able to connect
20 to a work environment, an office LAN, as an
21 example, as opposed to just the Internet.

22 Q. You can do all those with the deployment

1 of Project Pronto, right?

2 A. You can do all those on any ADSL capable
3 platform, whether its Pronto or a stand-alone
4 DSLAM.

5 Q. But you're intending to do those over
6 Project Pronto, right?

7 A. Yes, we would.

8 Q. Mr. Bowen asked you an few questions
9 yesterday about voice-over-DSL, and we discussed it
10 a little bit earlier too. Can you describe -- when
11 an entity is providing service with voice-over-DSL,
12 it's really packetized voice service. Is that
13 right?

14 A. That is correct.

15 Q. And you've mentioned that SBC is
16 conducting trials for voice-over-DSL. Right?

17 A. Right now the only thing we have going
18 is laboratory work. There are no field trials in
19 place nor any that are planned.

20 Q. If SBC were to implement voice-over-DSL
21 and provide it over loops, is SBC intending to
22 provide those loops to CLECs on an unbundled basis?

1 A. Could you ask that question again,
2 please?

3 Q. If SBC implements voice-over-DSL using
4 the Project Pronto architecture or not the Project
5 Pronto architecture, will SBC make those loops
6 available to CLECs on an unbundled basis?

7 A. The technology that we would use to
8 actually carry voice-over-DSL, in the ILEC that
9 technology would be the wholesale broadband
10 services offering typically. Under those
11 circumstances, that offering is available to any
12 CLEC that wishes to purchase it, including our own,
13 so the physical capability is there, and we would
14 offer that under the same terms and conditions to
15 anybody that would want it.

16 Q. You're not proposing to offer it as
17 unbundled network elements. Right?

18 A. Unless ordered to do so, no, we would
19 not do that.

20 Q. One of the items that SBC is considering
21 or services that SBC is considering to do is voice
22 trunking over ATM or perhaps IP trunking. Is that

1 right?

2 A. That is something we are studying in the
3 laboratories. That's correct.

4 Q. Okay. And those are transport
5 methodologies. Right?

6 A. They wind up being actually switching
7 methodologies.

8 Q. But an entity can transport its packets
9 from one location to another over that architecture
10 that we just discussed.

11 A. In the current technology that was being
12 explored, the actual switching was ATM packets.
13 There was an interface device at the edge of that
14 switching that converts those packets into circuit
15 switching for interface into the basic core
16 network. That unit could be either at a particular
17 central office or at another central office.
18 That's technically the way it works.

19 Q. Okay. Is SBC planning to offer that
20 trunking, the transport of the packets, to CLECs on
21 an unbundled basis?

22 A. On an unbundled basis. I don't know

1 about an unbundled basis. Again, it would be
2 whether or not the rules require me to do that.
3 Certainly if you have a service like that and you
4 build a service like that, we would want that
5 capability to interface with others, including
6 CLECs. To the degree that that interface is
7 required, we would want to offer that interface.
8 Whether or not it's offered specifically as an
9 unbundled network element would be determined by a
10 commission.

11 Q. Currently you offer transport, circuit
12 switched transport as an unbundled network element,
13 right?

14 A. That's my belief, yes.

15 Q. Okay. So why aren't you offering me as
16 a CLEC packet switching as an unbundled network or
17 packet transport as an unbundled network element?

18 A. It's my understanding in the unbundled
19 network element description and rules that to offer
20 a packet switching requires me to meet certain
21 other criteria. It's not clear to me and I think
22 it's a legal issue as to whether or not those other

1 criteria would be met, and therefore a commission,
2 either the FCC or a local state commission, would,
3 in fact, determine that that is a network element
4 that needs to be unbundled.

5 Q. Okay. I believe my question was poor,
6 and I apologize. I meant to discuss a transport
7 piece only, not the switching piece of that. My
8 question is, will you provide to me as a CLEC
9 transport of packets as an unbundled network
10 element?

11 A. If it were deemed that I had to do that
12 by the FCC or a state commission, yes, I would do
13 so.

14 Q. But you already do so for circuits for
15 transport over traditional circuit network. Is
16 that true?

17 A. That is my belief, yes.

18 Q. So what's magical here? Why aren't you
19 committing to do that when you're transmitting
20 packets?

21 A. Simply because it qualifies I believe as
22 an advanced service because it is packetized.

1 Again, I'm trying to identify the rules. I'm not a
2 lawyer. I don't know the specificity of exactly
3 how that would be legally described.

4 MR. BINNIG: Ken, how much more time do you
5 have?

6 MR. SCHIFMAN: Just a couple more documents.

7 MR. BINNIG: Your Honor, could we take a five -
8 minute break?

9 JUDGE WOODS: Yes, we may.

10 (Whereupon a short recess
11 was taken, during which
12 Sprint Ireland Rehearing
13 Cross Exhibits 3 and 4 were
14 marked for identification.)

15 JUDGE WOODS: Back on record.

16 MR. SCHIFMAN:

17 Q. Before the break, Mr. Ireland, we were
18 discussing transport as a UNE, packets that are
19 transported over a facility as being an unbundled
20 network element, and I believe you indicated that
21 we would have to -- CLECs would have to come to the
22 state Commission in order to obtain that type of

1 transport as an unbundled network element from SBC.

2 Is that right?

3 A. If the direct interface was packetized
4 or switched, yes, that's my understanding.

5 Q. Are you telling the Commission then that
6 every time SBC changes its network from circuits
7 and signals traveling over the circuit switched
8 network to packets being delivered that we're going
9 to have to come to this Commission and get that
10 element of the network unbundled from SBC?

11 A. I don't specifically know that, but each
12 time we make a change, that includes packets as
13 part of the change. Looking at that and in terms
14 of whether or not that requires some sort of new
15 capability or new unbundled network element I would
16 expect would be something that would have to be
17 looked at. Whether or not a specific new UNE is
18 required or not, I would ask the lawyers and others
19 to help me make that determination and ultimately
20 take it to the Commission if required.

21 Q. But you won't voluntarily do so at this
22 time.

1 A. Say that again.

2 Q. You will not voluntarily make those
3 types of elements available.

4 MR. BINNIG: Again, I'm going to object to the
5 relevance. What is the relevance of whether they
6 will voluntarily make unbundled offering for
7 something that doesn't even exist? I mean this
8 isn't a negotiation session here.

9 JUDGE WOODS: I'm a little confused about the
10 voluntariness too. What does that have to do with
11 anything?

12 MR. SCHIFMAN: Well, it has to do with the
13 fact that they've testified that they're going to
14 transform their network into a packet-based
15 network.

16 JUDGE WOODS: Yes.

17 MR. SCHIFMAN: And when it becomes a packet -
18 based network, every time we want a portion of that
19 network under the telecom law, they're telling me
20 that they're going to say, Sprint, you have to come
21 to the Commission and get a specific ruling that
22 that piece of the network should be unbundled when

1 we already have unbundled access to the part of the
2 network that it originated from.

3 JUDGE WOODS: What does that have to do with
4 anything that's here on rehearing?

5 MR. SCHIFMAN: That has to do with what kind
6 of capabilities the Project Pronto network has,
7 what kind of -- the fact that if we don't get
8 unbundling of the Project Pronto loop, the next
9 thing they're going to tell us is we're not going
10 to get unbundling of transport and we're not going
11 to get unbundling of voice-over-DSL. We're not
12 going to get unbundling of voice switching that
13 switches packets. So those are the types of things
14 that we believe --

15 JUDGE WOODS: I just -- I don't get it. It's
16 sustained.

17 MR. SCHIFMAN: Okay.

18 Q. Mr. Ireland, I've put in front of you an
19 exhibit. It's a press release from SBC. It states
20 SBC Begins New Phase of Project Pronto. I've
21 marked it or asked the Court Reporter to mark it as
22 Sprint Ireland -- Sprint Ireland -- excuse me --

1 Sprint Exhibit Cross Exhibit 3 for Ireland on
2 Rehearing. I said that wrong; Sprint Ireland
3 Rehearing Cross Exhibit 3. That's better.

4 JUDGE WOODS: I understand it's been marked.

5 Q. Do you have that document in front you,
6 Mr. Ireland?

7 A. Yes, I do.

8 Q. And you're quoted in this document?

9 A. I am.

10 Q. Have you seen this document before?

11 A. I have.

12 Q. Okay. And it's talking about SBC's
13 BPON, offering, is it not?

14 A. It does.

15 Q. Okay.

16 Q. And is it your understanding that
17 Project Pronto needs to be deployed in order to
18 provide the BPON service?

19 A. No, it does not.

20 Q. BPON service works in conjunction with
21 the Project Pronto architecture?

22 A. It was part of the Project Pronto

1 business case assumptions. It is not specifically
2 integral or integrated to the Project Pronto DSL
3 technology.

4 Q. Right. And it talks -- this press
5 release talks about the fact that Project Pronto,
6 it works -- well, strike that.

7 This builds on -- BPON technology builds
8 on the fiber that's being deployed as part of
9 Project Pronto. Is that correct?

10 A. It requires fiber. It could use that
11 that's deployed in Pronto. It is rare that that's
12 the case.

13 Q. I've also put in front of you,
14 Mr. Ireland, an exhibit that's been marked Sprint
15 Ireland Rehearing Cross Exhibit 4. It's the SBC
16 Annual Report for the year 2000. Do you have that
17 document in front of you?

18 A. I do.

19 Q. Have you seen this document before?

20 A. I've seen the document.

21 Q. This was released in -- for the record,
22 February 9, 2001 I believe is the date of

1 Mr. Whitacre's letter, the beginning of this
2 document. Do you see that?

3 A. Yes, I do.

4 Q. Okay. Do you agree with the statement
5 on page 12 of the document under the heading Data
6 and Broadband that the Project Pronto build-out
7 would include transferring certain portions of our
8 existing copper network to a new fiber network?

9 A. Can you specifically identify where that
10 is?

11 Q. Data and Broadband section on the
12 left-hand column of page 12.

13 A. I see it. Just give me a moment to read
14 it, please.

15 Q. Okay.

16 (Pause in the proceedings.)

17 A. I've read it.

18 Q. Okay. Do you agree with that statement?

19 A. What may be meant by this statement is
20 that as part of Project Pronto, when we sell a
21 customer DSL and that's sold by AADS or another
22 provider that gets a line shared circuit, we take

1 the associated POTS customer and we transfer it
2 with them. There are no wholesale transfers that
3 I'm aware of of POTS service over to the DSL
4 platform.

5 JUDGE WOODS: Excuse me. When you say
6 wholesale, do you mean complete or do you mean in
7 the wholesale context.

8 A. No, I mean complete. Excuse me.

9 JUDGE WOODS: Okay.

10 A. Or even partial changes. We don't have
11 plans to forcibly migrate for some reason customers
12 from copper to this platform.

13 JUDGE WOODS: Okay. Thank you.

14 Q. When a new subdivision is being built in
15 a suburban area, does SBC plan to deploy all copper
16 to that subdivision or does it plan to deploy
17 Project Pronto NGDLC to serve that subdivision?

18 A. Typically it would depend on the
19 location of the subdivision and its proximity to
20 the central office.

21 Q. Well, are you planning on providing
22 service to at least certain subdivisions using the

1 NGDLC architecture such that there would not be
2 copper loops available to that subdivision?

3 A. Well, let me say it differently and see
4 if I answer your question. As we deploy
5 technology, we look at what the opportunity is in a
6 particular area. So, for example, if a subdivision
7 was within 12,000 feet of the central office, we
8 would build it on copper. If a subdivision were in
9 an area where the economics are such that providing
10 DSL service does not appear economic, we might do
11 that on long loops using next generation digital
12 loop carrier but not Pronto equipped, not DSL
13 capable platform. So it depends on the
14 circumstances when we would actually deploy one
15 technology or another.

16 Q. Are you planning to provide DSL and
17 voice technology to new subdivisions over the NGDLC
18 platform in some instances?

19 A. For voice services, yes, we would.

20 Q. For voice and DSL services.

21 A. If we were to deploy under Project
22 Pronto, yes, we would do that.

1 Q. And under that scenario, there would not
2 be copper loops available for a CLEC to lease from
3 Ameritech or SBC on an unbundled basis. True?

4 A. It depends, but there would be
5 circumstances where that could be the case.

6 Q. The next page of the Annual Report,
7 Mr. Ireland, there's a heading called Promoting
8 Advanced Services. Do you see that?

9 A. I do.

10 Q. I'll give you a minute to read that
11 paragraph, and I'm going to ask you a few questions
12 about that paragraph.

13 (Pause in the proceedings.)

14 A. I've read it.

15 Q. Okay. This paragraph generally
16 discusses the notion that we discussed earlier
17 about the ASCENT decision at the DC circuit. It
18 discusses that matter, right?

19 A. I believe so.

20 Q. And it discusses the fact that SBC is
21 considering what to do with its advanced services
22 subsidiaries. Is that true?

1 A. That is true.

2 Q. Okay. Do you know what the unbundling
3 obligations that are referenced in the sentence:
4 "However, potential efficiency benefits likely
5 outweigh resale and unbundling obligations that
6 would apply to advanced services, and we do not
7 believe, at this time, that this issue will have a
8 material effect on our results of operations or
9 financial position." My question is do you know
10 what potential efficiency benefits are referred to
11 there?

12 A. Not specifically I do not.

13 Q. Is it the efficiency benefits from
14 deploying Project Pronto that's discussed in the
15 paragraph before that?

16 MR. BINNIG: I'll object. That question has
17 been asked and answered.

18 JUDGE WOODS: Asked and answered.

19 Q. Do you know what the unbundling
20 obligations that are referred to there in that
21 paragraph are?

22 A. I assume that unbundling obligations

1 would be those that, again, are listed as
2 unbundling requirements in the FCC order or any
3 subsequent order that I would get from a state
4 commission.

5 Q. Do you agree with the statement that the
6 unbundling obligations would not have a material
7 effect on SBC's results of operations or financial
8 position?

9 MR. BINNIG: I object. That mischaracterizes
10 the sentence.

11 MR. SCHIFMAN: I'll ask him does he agree with
12 that sentence.

13 MR. BINNIG: With the sentence that's in here.

14 MR. SCHIFMAN: Starting with the word
15 "However".

16 A. I'm simply not sufficiently
17 knowledgeable about what the potential efficiencies
18 were and whether they would outweigh and therefore
19 whether they are material. I don't know.

20 Q. SBC intends to gain efficiencies by
21 deploying Project Pronto. Is that correct?

22 A. That was certainly our hope.

1 Q. Okay, and you testified that the
2 efficiencies will outweigh the costs of deploying
3 Project Pronto in a net present value basis. True?

4 A. In the initial planning document that
5 was our hope again.

6 Q. And it is still your hope at this time.
7 True?

8 A. I think it's unlikely that that will
9 materialize at this time.

10 Q. With revenues -- however, with revenues
11 that you expect to generate from the service, you
12 still expect to have a positive net present value
13 after deploying Project Pronto. True?

14 A. We're hopeful of that, yes.

15 Q. Okay. One further question,
16 Mr. Ireland. The OCDs that have been deployed in
17 Ameritech Illinois central offices before Project
18 Pronto was suspended, what's the status of those
19 OCDs?

20 MR. BINNIG: I object. This was asked and
21 answered yesterday.

22 MR. SCHIFMAN: I don't believe he answered

1 what's happened to them.

2 MR. BINNIG: I believe he did.

3 MR. SCHIFMAN: He talked about the cards. He
4 didn't talk about the OCDs.

5 JUDGE WOODS: I just don't recall, Mr. Binnig,
6 so he can answer.

7 A. Was the ruling that I should answer?

8 JUDGE WOODS: Yes, please.

9 A. Thank you. The cards, all of the
10 electronics, which is where most of the cost is,
11 those cards have been pulled and have been
12 reapplied in other locations where we can use those
13 cards. It turns out that the actual cost of
14 removing what I will call the carcass, the racking
15 that's in the central office, outweighs the cost of
16 simply buying a new one. We have retired those in
17 place.

18 Q. Meaning the OCDs that are currently in
19 Ameritech Illinois central offices, they are still
20 there. Is that true?

21 A. The racking /framing is still there,
22 yes.

1 Q. What about the actual boxes that were
2 deployed, the Cisco 6400 boxes?

3 A. That's what I'm calling racking and
4 framing. That frame/rack/carcass that you can plug
5 cards in, including the back plane, is still there.

6 Q. So let me just make sure I get this
7 straight. The piece of equipment known as the OCD
8 is still in Ameritech Illinois' central offices
9 post-suspension of Project Pronto deployment.

10 A. As I indicated already I think, the
11 racking and the support structure into which you
12 can place the electronics that ultimately make up a
13 working OCD, that racking and structure is still
14 there and still in place.

15 Q. Okay.

16 A. The electronics are gone.

17 Q. Okay. I understand now. Thank you.

18 What kind of effort would it take to put
19 the electronics back into those racking and frames
20 as you have described them?

21 A. I don't remember the exact number of
22 cards that are in there, but I would say it's less

1 than 100, and it requires plugging the cards into
2 the frame, so they'd have to be purchased or moved
3 from a location where I could find such cards.
4 They'd have to be moved to the site. They'd have
5 to be placed in the frame. The frame would have to
6 be tested. Sufficient bugs have to be worked out
7 that you typically find under those circumstances
8 to be able to bring them back up to service.

9 MR. SCHIFMAN: No further questions,
10 Mr. Ireland.

11 I would like to move into the record
12 Sprint Ireland Rehearing Cross Exhibits 1 through
13 4.

14 MR. BINNIG: What was 1 again?

15 MR. SCHIFMAN: 1 was the December 19, 2000
16 Investor Briefing.

17 MR. BINNIG: Okay. We have no objection, Your
18 Honor.

19 JUDGE WOODS: Admitted without objection.

20 (Whereupon Sprint Ireland
21 Rehearing Cross Exhibits 1,
22 2, 3, and 4 were received

1 into evidence.)

2 JUDGE WOODS: Ms. Franco-Feinberg.

3 MS. FRANCO-FEINBERG: Thank you.

4 CROSS EXAMINATION

5 BY MS. FRANCO-FEINBERG:

6 Q. Good morning, Mr. Ireland. How are you?

7 A. Good morning.

8 Q. I'm Felicia Franco-Feinberg, as I'm sure
9 you heard yesterday, here representing Covad
10 Communications, and hopefully I will have just a
11 few questions. We'll see how it goes.

12 One follow-up question to a question
13 Mr. Schiffman asked you a little bit earlier this
14 morning. I think you indicated that with the
15 Project Pronto deployment, loop length would be
16 effectively shortened in the outside plant. Is
17 that correct?

18 A. The portion that 's the copper loop would
19 be reduced for some longer loops, yes.

20 Q. Okay. And typically the deployment
21 plans would call for the copper portion of the loop
22 to be less than 12,000 feet. Is that correct?

1 A. That's correct.

2 Q. And I think you indicated, and please
3 let me know if I'm mischaracterizing or
4 misrepresenting your testimony, that CLECs could
5 still use the existing loop plant even post Pronto
6 to provide DSL services using competing
7 technologies. Was that your testimony?

8 A. If they wanted to do so, that's true.

9 Q. Okay. And these competing technologies
10 that you referred to, am I correct in understanding
11 you mean other flavors of DSL service?

12 A. Yes, I do.

13 Q. Okay. And typically the longer the loop
14 length, the slower of the DSL speed that can be
15 provided. Is that your understanding?

16 A. Typically that's true.

17 Q. Okay. So if a CLEC were to use the
18 existing longer copper loop, it would have to
19 provide a slower DSL service to the end user. Is
20 that correct?

21 A. Typically that's true. Some
22 technologies, the way the technology works, it can

1 be modulated in such a way that you can actually
2 get higher speeds on longer loops than others, but
3 typically the length of the loop is what dictates
4 the final speed.

5 Q. Okay. So, for example, typically if a
6 loop were 18,000 feet or 17,000 feet, a CLEC, is
7 this correct, would have to offer IDSL service
8 rather than ADSL service? Is that your
9 understanding?

10 A. ADSL works to about 17,000 in some rare
11 cases and on 24 gauge cable 18,000, but to get
12 further than that alternative technologies are
13 usually used. IDSL is one that I believe has a
14 longer reach and a lower speed.

15 Q. And IDSL service is 144 speed. Is that
16 your understanding?

17 A. I've seen it offered at that speed, yes.

18 Q. Okay, and ADSL is at least a 384 speed?
19 Is that your understanding?

20 A. ADSL can run at any speed, so 128 by 128
21 ADSL is technically possible.

22 Q. What's SBC's ADSL offering speed? Do

1 you know?

2 A. Yes. We typically offer downstream
3 speeds of 384 as a minimum, and we offer upstream
4 speeds at 128 as a minimum.

5 Q. Okay. Based on your experience, do you
6 think an end user would prefer to purchase a faster
7 speed ADSL than a slower speed IDSL, all things
8 being equal?

9 A. If the price were the same, I expect
10 higher speed would be more desirable to them.

11 Q. Also in your testimony, if I understood
12 it correctly yesterday, Mr. Ireland, you indicated
13 that SBC believes that its Pronto investment is
14 essentially a new network. Is that a correct
15 characterization?

16 A. That portion that is associated with DSL
17 is, in fact, new technology that we are putting
18 into the network.

19 Q. Okay. And if I understand your
20 testimony as filed here before the Commission on
21 rehearing, you believe that SBC and other CLECs are
22 similarly situated in their ability to use that

1 type of technology or build that kind of a network.

2 Is that correct?

3 A. Describe similarly situated. I'm
4 confused by the question.

5 Q. Let me see, see if I can find it in your
6 testimony. I think you indicated yesterday in
7 response to Mr. Bowen's cross-examination questions
8 that, for example, Rhythms could build the same
9 kind of loop plant that SBC is building with
10 Pronto. Is that correct?

11 A. Technically they could do that, yes.

12 Q. Okay. And so then would you agree that,
13 in your opinion, Rhythms and SBC are similarly
14 situated in their ability to deploy a Pronto-like
15 network, in your opinion?

16 A. I'm still struggling with similarly
17 situated. I mean I would expect Rhythms has less
18 capital available than SBC might have. There may
19 be other reasons why another company would be sort
20 of situated differently. I'm struggling with the
21 word situated.

22 Q. Okay. That's fair enough.

1 Let me ask, I assume as Chief Technology
2 Officer of SBC you are aware of the technology
3 plans not simply of SBC the incumbent carrier arm
4 but also of SBC as a CLEC out of region, for
5 example? Is that a correct understanding?

6 A. To some degree, not entirely. Some of
7 those actually have engineering organizations that
8 are separated from the organizations that I have.
9 That's required by law.

10 Q. Okay. Are you aware of any plans -- let
11 me ask this question as an initial matter. SBC's
12 CLEC arm out of region is not AADS. Is that
13 correct?

14 A. We have an out of region company. I
15 don't know whether it's "legally" qualified as a
16 CLEC, so I'm struggling with that one as well. We
17 have an out of region company.

18 Q. Is that SBC Telecom?

19 A. Yes, it is.

20 Q. Okay. Are you aware of any plans by SBC
21 Telecom to deploy or build a Pronto-like network
22 outside of SBC's incumbent carrier areas?

1 A. To the best of my knowledge, what they
2 were going to do is they were going to use Pronto-
3 like equipment that was going to actually be
4 collocated in the central offices that they, in
5 fact, go into, so it's not a direct correlation.
6 It is similar technology. It would be central
7 office collocation located in another company's
8 central office. So as an example, it would be
9 collocated in NYNEX's territory, as an example, in
10 their CO to provide that service.

11 Q. Okay. So just to be clear, I think, let
12 me know, are you saying that SBC Telecom is
13 intending to collocate DSLAMs in central offices of
14 other ILECs? Is that what your testimony is?

15 A. No, they're actually pieces of RT
16 equipment.

17 Q. In the central office.

18 A. Yes.

19 Q. Okay. So they're not deploying a
20 LiteSpan system. They're not building a parallel
21 network to Verizon say with a LiteSpan system, are
22 they?

1 A. Essentially, yes. They're actually
2 using a technology by Lucent. I've forgotten the
3 appropriate acronym for the technology, but it's
4 essentially a directory placement for the LiteSpan.
5 AnyMedia is the technology name.

6 Q. Mr. Ireland, I believe in your testimony
7 you indicate or state that the Commission's orders
8 I believe in this case and I think you specifically
9 cite the Covad/Rhythms arbitration with Ameritech
10 Illinois -- I'm looking at page 10 of your direct
11 testimony now, which is Docket 00-0312 and 0313, as
12 you mention here. This is what you state: "changed
13 the economic, operational, and technical
14 assumptions on which Project Pronto was based." Do
15 you see that on lines essentially 2 through 4 of
16 your direct testimony?

17 A. Yes, I do.

18 Q. Okay. And I assume that those
19 assumptions were developed in 1999 prior to the
20 official announcement of Project Pronto to the
21 world. Is that correct?

22 A. Yes, they were.

1 Q. Okay. And I think, as we've discussed,
2 I think Pronto was approved by SBC for deployment
3 in June of '99. Does that sound right?

4 A. Approximately.

5 Q. Okay, and obviously, as we've discussed,
6 the Investor Briefing to the community or investor
7 community went out on October 18 of 1999. Right?

8 A. Correct.

9 Q. And I think, as I understood your
10 testimony yesterday, what you understand the
11 Commission's orders to require is that SBC offer
12 unbundled network elements over the Pronto network
13 to CLECs. Is that correct?

14 A. That is correct.

15 Q. Okay, and then it also allows CLECs to
16 own the line card that is placed in the LiteSpan
17 system. Is that correct?

18 A. That is my understanding, yes.

19 Q. Okay. Turning back -- I assume
20 therefore, based on your testimony, you're familiar
21 with SBC's assumptions around the time that Project
22 Pronto was announced with respect to operational

1 and technical assumptions?

2 A. I know of some of them. Again, this
3 function did not directly report to me at the time
4 that that work was done.

5 Q. Okay. Is it your understanding that in
6 November of 1999 SBC expected that CLECs would own
7 the line card or the ADLU card in the LiteSpan
8 system?

9 A. At that point in time I don't know.

10 Q. Given your testimony on page 10,
11 Mr. Ireland, you indicate that there are changes
12 now in SBC's assumptions from the time Project
13 Pronto was determined that it would be deployed.
14 Is that correct?

15 A. We made assumptions based on the costing
16 associated with this platform, what it would cost
17 me to deploy it, what it would cost me to build
18 operation systems to run it and operate it. As
19 such, we made assumptions about those costs and
20 what they thought what those would be. Given the
21 Commission's current order and the requirement to
22 unbundle, those costs would now go up dramatically.

1 At least that is our current view of what we have
2 studied. That's what I'm indicating here is a
3 change in the original assumptions.

4 Q. Okay. I understand that's your
5 testimony, Mr. Ireland. I guess what I'm asking
6 is, apparently there's a change in the ownership of
7 the card from 1999 -- this is your testimony, isn't
8 it? -- to now, in SBC's assumptions. Is that
9 correct?

10 A. There's a change in the ownership of the
11 card. I don't recall what the assumption
12 specifically was in 1999.

13 Q. Then how can you be certain that there's
14 a change?

15 A. Because that was my belief.

16 Q. Okay. So you've never seen any document
17 internally from SBC that indicates that in 1999 it
18 was SBC's expectation that CLECs would own line
19 cards.

20 A. It was our expectation that they would
21 own line cards? No. We studied various options
22 that I know included that. That was not an

1 expectation that we had.

2 Q. Okay. As far as you know, it was never
3 a recommendation within SBC that CLECs own the line
4 card in the LiteSpan system?

5 A. All I know is that that was something
6 that was, in fact, studied. Again, this wasn't
7 done at a time when I had responsibility for this
8 function.

9 Q. Okay. Is it your understanding that,
10 again, during the initial stages of Project Pronto
11 deployment that SBC envisioned or had a process in
12 place it was developing to provision and maintain
13 CLEC-owned ADLU cards?

14 A. I don't know that.

15 Q. Okay. But yet you're confident that
16 that's somehow a different assumption than what you
17 originally envisioned.

18 A. My belief was that there were costs
19 associated with this plan when we initially looked
20 at it that made some assumptions on what the cost
21 would be to implement operating systems, what the
22 cost would be to be able to deploy the technology,

1 how we would use that technology. Those
2 assumptions went into the plan. My belief is that
3 the requirement to unbundled in the way that it has
4 been described here in this order is materially
5 more expensive, more costly, and more difficult
6 than what we would have anticipated, what we did
7 anticipate in 1999.

8 Q. Okay. So you're not aware then, again,
9 in 1999 that you -- that SBC's internal documents
10 demonstrate that SBC intended to provision and
11 maintain ADLU cards for CLECs and that CLECs would
12 own them.

13 MR. BINNIG: I'll object to the extent it's
14 characterizing documents that aren't in evidence.

15 MS. FRANCO-FEINBERG: Okay. Would you like me
16 to -- I can show --

17 Q. Mr. Ireland, you indicate you did look
18 -- in response to Mr. Schiffman's questions, I
19 believe you indicated that you saw some internal
20 SBC documents that referred to Project Pronto
21 offerings as unbundled network elements. Is that
22 correct?

1 A. I have seen one document to that effect.

2 Q. Okay.

3 A. Let me -- I may have misspoke. I saw
4 one document that had the word UNE used on that
5 document.

6 Q. Okay. Well, let me show you a document,
7 and you can let me know if this is the document you
8 saw perhaps, or have ever seen, and this is a
9 document entitled SBC Communications Inc.,
10 Marketing Service Description (MSD) (Draft) Digital
11 Loop Electronics - ADSL dated January 12th of 2000.
12 Have you ever seen this document before,
13 Mr. Ireland?

14 A. Give me just a moment, but, no, I don't
15 think I have.

16 Q. Sure.

17 MR. BINNIG: Your Honor, just to move things
18 along, the contact listed on the front page of this
19 document is one of our witnesses in this
20 proceeding. I think it's a much better use of time
21 to perhaps ask him questions about this document.

22 MS. FRANCO-FEINBERG: And I'm sure we very

1 well will.

2 MR. BINNIG: Well, this witness has just
3 identified he has never seen the document before,
4 so I'm going to object to the questions about the
5 document.

6 JUDGE WOODS: Obviously he wanted a chance to
7 review it.

8 MR. BINNIG: Huh?

9 JUDGE WOODS: I think he said he wanted a
10 chance to review it.

11 MR. BINNIG: No, I think he said he's never
12 seen it before.

13 A. I have reviewed the document. This is
14 not the document that I've seen.

15 Q. Okay. Did you see another draft or
16 another version of a similar document?

17 A. No. I saw a one or two-pager that
18 looked more like charts that had that terminology
19 used on it. It was not a written document like
20 this MSD.

21 Q. So, again, you therefore are not aware
22 of SBC's intention in January of 2000, for example,

1 to provision Project Pronto with unbundled network
2 elements.

3 A. I don't know that that was ever our
4 intention, and, no, I was not directly involved in
5 it.

6 Q. Okay. Would you expect that if SBC
7 intended in January of 1999 -- or I'm sorry; excuse
8 me -- in November of 1999 or in January of 2000 to
9 provide -- to allow CLECs to own line cards and
10 maintain and provision them for CLECs, that it
11 would have examined the costs at that time of doing
12 so?

13 A. I would expect it would look at those
14 costs, yes.

15 Q. Would you expect that SBC would examine
16 if it was technically possible to do so?

17 A. Assuming that that was something that
18 would be studied, it may have been done. I don't
19 know.

20 Q. Would you expect that before SBC would
21 develop a document like a Marketing Service
22 Description that it would undertake that kind of

1 analysis, in your experience with the company?

2 A. I've forgotten where the Marketing
3 Service Description actually fits in the flow, but
4 this is a fairly early document in the marketing
5 department's development of ideas for new products.
6 I don't specifically know whether that would be
7 done before or after the development of the service
8 description document.

9 Q. But you would expect that -- I think you
10 testified to this -- that SBC would embark upon the
11 cost analysis before making a recommendation as to
12 CLEC ownership, for example.

13 MR. BINNIG: I'll object to the question as
14 asked and answered.

15 JUDGE WOODS: I agree.

16 Q. Are you aware that in January of 2000
17 SBC expected that it would offer both UBR and CBR
18 at the initial time of Project Pronto deployment
19 with CLECs?

20 A. I don't know about the CBR offering. I
21 know that UBR was the initial capability that we
22 had looked at and had contemplated offering.

1 Q. Okay. Are you aware that at least in
2 January of 2000 SBC envisioned that CLECs would use
3 more CBR than UBR when Pronto was deployed?

4 A. I don't know that.

5 Q. Okay. Mr. Ireland, when did you become
6 involved in Pronto development within SBC?

7 A. The actual deployment function reports
8 to me and has since about January 5th of 2001.

9 Q. Okay. So then I'm still confused how
10 you can be confident in testifying as to what the
11 assumptions were in '99 and 2000 when Pronto was
12 being developed and that there's now a change in
13 SBC's view of the world in light of the
14 Commission's order if you weren't even involved at
15 that time.

16 A. When I have reviewed the material that
17 most currently came out, that talked about what are
18 the costs associated with this. Specifically what
19 came out of that was information that would
20 indicate these are changes from the original
21 assumption set that we had developed in 1999.

22 Q. Okay. And how do you know that it's a

1 change from the original assumption set if you've
2 never seen documents from that time?

3 A. If I've never seen the document from
4 that time?

5 Q. Have you seen documents that indicate
6 that the Commission's order -- have you examined
7 documents from the 1999/2000 time period as to what
8 SBC's assumptions were regarding Pronto deployment?

9 A. Yes, I've read the 1999 business case
10 associated with the Pronto work.

11 Q. Okay. And does the business case
12 address CLEC ownership of line cards or ownership
13 of line cards at all?

14 A. I can't recall if that's written in that
15 document or not.

16 Q. So how do you know that the Commission's
17 order is a change from SBC's assumptions in 1999
18 then?

19 A. To the best of my knowledge, in talking
20 to the people that were working on this, and that
21 was Wayne Masters and several of the others who
22 actually owned work associated with this, it is my

1 belief that we did explore options like that, but
2 that those options wound up being too costly, too
3 difficult to implement, and as such did not go into
4 the business case.

5 Q. Okay. So is it your testimony then that
6 you knew, that SBC knew in 1999 that if something
7 like the Commission's order occurred in this
8 proceeding, that it would halt Project Pronto
9 deployment?

10 A. I don't know that specifically.

11 Q. Okay. And obviously you never advised
12 your investors at any time that should unbundling
13 like this occur, that you would halt deployment.

14 MR. BINNIG: Object to the relevance of the
15 question.

16 JUDGE WOODS: Sustained.

17 Q. Mr. Ireland, are you aware that SBC
18 initially intended to allow CLECs to -- hold on one
19 second.

20 (Pause in the proceedings.)

21 Okay. Are you aware of any discussions
22 or -- let me rephrase that.

1 Are you aware that SBC initially
2 intended to allow CLECs to have partitioned access
3 to the provisioning systems within the LiteSpan?

4 A. I don't specifically know that, no.

5 Q. Okay. Have you ever personally
6 discussed that with Alcatel?

7 A. No, I have not.

8 Q. Are you aware of any discussions within
9 SBC regarding allowing CLECs to have partitioned
10 access to I believe it's the AMS system?

11 A. Not specifically.

12 Q. You're aware of general discussions
13 then?

14 A. No, I don't know.

15 Q. Mr. Ireland, prior to preparing or
16 directing others to prepare your testimony, did you
17 examine any documents other than the 1999 business
18 case as to what SBC's assumptions were at the time
19 that it made decisions to deploy Project Pronto?

20 A. I looked at the business case, and I
21 looked at the second document which was the
22 Ameritech overlay to that business case.

1 Q. Okay.

2 A. Those were the primary documents.

3 Q. Did you ever inquire within SBC as to
4 whether there have been technical assumptions then
5 about line card ownership?

6 A. Not specifically I did not.

7 Q. Did you ever inquire as to whether there
8 had been any analysis within SBC as to whether the
9 ILEC would provision or maintain line cards for
10 CLECs?

11 A. I did not make specific inquiries at
12 this time, no.

13 Q. Okay. Did you ever inquire then what
14 SBC's assumptions in 1999 were regarding quality of
15 service offerings to CLECs using Pronto?

16 A. Not specifically I did not.

17 Q. Okay. Did you ever -- did you inquire
18 then as well during that same time frame as to what
19 SBC's assumptions were regarding an unbundled
20 network element offering which would be an
21 integrated feeder cable to an SAI in the field of
22 cross-connecting the SAI to the end user loop and

1 the actual loop to the end user? Did you inquire
2 whether you made any assumptions as to whether that
3 would be an unbundled network element or not?

4 A. Again, I knew that a lot of work went on
5 relative to the study of alternatives at that point
6 in time. I do not know the specifics of all of the
7 alternatives that may have been explored.

8 Q. Okay. So you didn't inquire as to any
9 of the assumptions regarding how one would
10 technically offer Pronto? Am I understanding that
11 correctly?

12 MR. BINNIG: I'll object to the vagueness of
13 the question.

14 Q. Well, what technical assumptions have
15 been changed then by the Commission's order, in
16 your opinion?

17 A. The technical assumptions associated
18 with how the actual PVPs and PVCs will be provided
19 appear to have changed as part of the Commission's
20 order. The way that line cards would ultimately be
21 handled and dealt with appear to be changed as part
22 of the Commission's order based on what we believed

1 would be the way that would be done.

2 Q. Okay. Maybe I misunderstood your
3 testimony, Mr. Ireland, but I thought you said you
4 didn't ask anyone or didn't know what the
5 assumptions were regarding line cards in 1999.

6 A. In 1999 I know the work was done to be
7 able to determine what the cost structure was that
8 was in the business case. That cost structure I do
9 not believe included costs that were identified now
10 as part of having to unbundle the entire platform.

11 Q. Okay. You don't believe. Do you know?
12 Have you seen any documents as to whether that's a
13 fact or not?

14 A. Only the business case itself, as I
15 indicate, and I did review that business case.

16 Q. Okay, and I think you indicated that the
17 business case doesn't address line card ownership
18 at all. Isn't that true?

19 A. I can't recall.

20 MS. FRANCO-FEINBERG: Thank you, Mr. Ireland.
21 Covad has no further questions at this time.

22 JUDGE WOODS: Okay. Mr. Dunn.

1 CROSS EXAMINATION

2 BY MR. DUNN:

3 Q. Good morning, Mr. Ireland. My name is
4 John Dunn, and I represent AT&T.

5 I want to start off with a couple of
6 follow-up questions. Mr. Schiffman asked you about
7 the OCDs this are already in place in Illinois. Do
8 you recall that line of questioning?

9 A. I do.

10 Q. And he asked you what it would take to
11 get those operational, and you mentioned that you'd
12 have to get the cards, install the cards, and test
13 the OCDs. Is that correct?

14 A. That's correct.

15 Q. How long would that process take?

16 A. Overall perhaps a few months.

17 Q. And could you break that down? The
18 first step, to get the cards, you testified
19 yesterday I believe that some of the line cards may
20 already be, you know, in a warehouse in Illinois.
21 Is that correct?

22 A. No, I don't know that. I simply offered

1 and they're receiving voice and DSL service and
2 they give up the DSL service, is it your plan to
3 migrate that customer back to the original
4 architecture or will that customer stay on the
5 Project Pronto architecture?

6 A. I would expect that customer would stay .

7 Q. In your testimony you talk about
8 asymmetric regulation, and you mention cable,
9 wireless, and satellite providers. What's your
10 understanding about what the Illinois Commerce
11 Commission's jurisdiction is over those providers?

12 A. I don't know the details of that.

13 Q. But in your testimony you say that it's
14 your understanding that the Commission has little
15 or no authority over those providers. Is that your
16 understanding?

17 A. That was my understanding, yes.

18 Q. And when you talk about the cable,
19 wireless, and satellite providers, are you talking
20 about those as alternative providers for consumers
21 or alternative providers for CLECs?

22 A. I'd have to look at the specific wording

1 of what I did in the testimony; in other words,
2 what I specifically was stating at that time. My
3 belief is that cable modem service is an
4 alternative for customers and could be an
5 alternative for CLECs.

6 Q. Are you aware of any CLECs that are
7 using cable modems other than AT&T?

8 A. Again, this is a technical terminology
9 on what is a CLEC. There are many cable companies
10 that are, in fact, using cable modem technologies
11 beyond AT&T.

12 Q. Are you aware of -- let's limit it to
13 the CLECs in this room, Covad, Rhythms, Sprint,
14 WorldCom. Are you aware of them using cable modem
15 technology in conjunction with a voice offering?

16 A. No, to the best of my knowledge they are
17 not.

18 Q. Are you aware of any non-cable company,
19 CLECs anywhere in the country using cable modems in
20 conjunction with voice offering?

21 A. I don't know of any, but I probably do
22 not have a complete inventory.

1 Q. And the same question for wireless and
2 satellite. Are you aware of non-wireless CLECs
3 that are using a wireless advanced services
4 offering with a voice offering?

5 A. Again, I don't know the terminology for
6 what qualifies "as a CLEC". The wireless providers
7 tend to be people like Sprint is one of the
8 wireless providers. The satellite providers tend
9 to be satellite video providers typically that are
10 providing a satellite-based, high-speed service.

11 Q. Are you aware of anybody that's
12 combining a UNE-P voice offering with either cable
13 or wireless or satellite advanced service
14 offerings?

15 A. No, I'm not.

16 Q. Does Ameritech have plans to do that?

17 A. To combine it with satellite?

18 Q. Or cable or wireless.

19 MR. BINNIG: Let me object. Does Ameritech
20 have plans to combine a UNE-P based offering with
21 satellite? Is that the question?

22 Q. You're aware of what the National/Local

1 Strategy is, aren't you?

2 A. Generally I know what National/Local is
3 doing, yes.

4 Q. That's the SBC plan to enter 30 markets
5 outside their region. Is that correct?

6 A. Generally that's correct.

7 Q. And I think the first three cities that
8 you announced you were entering were Seattle,
9 Boston, and Miami. Is that correct?

10 A. Yes.

11 Q. In Seattle, Boston, or Miami does SBC
12 have any plans to combine a UNE-P voice offering
13 with either cable, wireless, or satellite advanced
14 services?

15 A. The question is around the UNE-P piece.
16 We do not have any plans today to combine services
17 with either cable or satellite or wireless.

18 Q. In your direct testimony there was a
19 quote about UNEs and collocation not applying to
20 advanced services, and then some of the CLEC
21 witnesses responded to that, and in your rebuttal
22 testimony you said that -- at least I understand it

1 was your intention to say that advanced services
2 are not exempt from the Federal Telecom Act. Is
3 that correct?

4 MR. BINNIG: John, do you have a page and line
5 reference you want him to look at?

6 Q. In your direct testimony on page 20
7 starting at line 8 you say that unbundled -- the
8 terms unbundled network elements and collocation,
9 those terms and concepts do not apply to advanced
10 services in the Project Pronto equipment. Do you
11 see that in your testimony?

12 A. I do.

13 Q. And then if you turn to your rebuttal at
14 page 7 I believe, page 7, the first question, the
15 question is: "Sprint's Mr. Burt and Covad's
16 Ms. Carter accuse you of stating that advanced
17 services are exempt from the 1996 Act. Please
18 respond", and you say this is not what I said at
19 all. Is that -- that's what it says?

20 A. That's true.

21 Q. So is it your understanding then that
22 advanced services and the Project Pronto equipment

1 are not exempt from the Federal Telecom Act?

2 A. Under certain circumstances they would
3 not be where if the UNE that needs to be provided
4 -- this as an example, packet switching, there are
5 four fundamental capabilities which would require
6 it to be unbundled. Those four conditions have to
7 be met. I'm advised by my lawyers that we do not
8 believe that we meet those four conditions and
9 therefore would not be unbundling packet switching
10 services.

11 Q. To get back to your testimony about
12 asymmetric regulation, is it in general your
13 complaint that Ameritech's advanced services
14 offerings are required to be unbundled, but cable,
15 wireless, and satellite advanced services are not
16 required to be unbundled?

17 A. That appears to be what's happening in
18 the particular order that I have now from this
19 Commission asking me to unbundle in a variety of
20 different ways the Pronto architecture.
21 Specifically, it does not appear that other
22 providers like cable or wireless have any similar

1 obligation on them, so for that reason I'm
2 believing that I'm being regulated in an asymmetric
3 way, yes.

4 Q. So you believe that that same unbundling
5 obligation should be placed on cable, wireless, and
6 satellite providers?

7 A. Not necessarily that same, but certainly
8 similar. If you believe that they compete in the
9 same marketplace for high-speed DSL -- for high-
10 speed Internet access or high-speed advanced
11 services, under those conditions my belief is you
12 need to look at the marketplace that you're
13 competing in, and you don't want to hamper one
14 provider of service based on the technology that
15 they use in a market where those two services
16 compete against one another.

17 Q. But that's a legislative matter, isn't
18 it, Mr. Ireland?

19 A. I'm not a lawyer.

20 MR. BINNIG: I object. That calls for a legal
21 conclusion.

22 Q. Well, you've already indicated that it's

1 your understanding that the Illinois Commerce
2 Commission has little or no authority over cable,
3 wireless, and satellite providers, so if you want
4 these unbundling obligations placed on these
5 providers, that's a legislative matter, isn't it?

6 MR. BINNIG: I object. It calls for a legal
7 conclusion.

8 JUDGE WOODS: Sustained.

9 Q. It's not a matter for the Illinois
10 Commerce Commission, is it?

11 MR. BINNIG: Same objection.

12 MR. DUNN: He's testified --

13 JUDGE WOODS: Sustained. That's argument,
14 Mr. Dunn.

15 Q. Are you familiar with the Tauzin-Dingell
16 bill in Congress?

17 A. Generally, yes.

18 Q. And what's your understanding of what
19 that bill would do for your company?

20 A. I don't know specifically what the bill
21 would do for the company.

22 Q. Do you know if it would eliminate the

1 requirement to unbundle advanced services?

2 A. I don't specifically.

3 Q. Do you know if it would eliminate state
4 commission and FCC jurisdiction over advanced
5 services?

6 A. I don't know that specifically.

7 Q. Have you had discussions with anybody at
8 SBC about the Tauzin-Dingell bill?

9 A. Discussions, no, not specifically I've
10 not.

11 Q. Are you aware of anything about the bill
12 at all?

13 A. I know that it's a bill that's an
14 attempt to be able to provide Internet service in a
15 level playing field type of environment. I have
16 not actually read the bill.

17 Q. Has anybody told you or are you aware of
18 what effect that bill would have on this
19 proceeding?

20 A. Not specifically, no.

21 Q. Do you have any understanding at all?

22 A. Not specifically, no.

1 Q. Are you aware of any plan by SBC to
2 stall state commission proceedings until the
3 Tauzin-Dingell bill is passed or not passed?

4 MR. BINNIG: I'll object to the relevance of
5 the question.

6 JUDGE WOODS: What's the relevance, Mr. Dunn?
7 Believe me, we're on rehearing. There's nothing
8 that's going to stall this rehearing.

9 (Laughter)

10 This train is rolling down the track.

11 (Laughter)

12 And the station is getting closer and
13 closer, if you know what I mean, and I think that
14 you do.

15 MR. DUNN: Well, let me ask a couple of
16 foundational questions.

17 Q. You're aware of state commission
18 proceedings that are somewhat similar to this in --

19 MR. BINNIG: Object to the relevancy, Your
20 Honor.

21 JUDGE WOODS: I don't understand the
22 relevancy. Frankly, I don't understand the

1 relevance of anything that has to do with an act of
2 Congress that's not currently law. I don't get it.

3 MR. DUNN: Because it's our belief that
4 they're stalling these state commission proceedings
5 in the hopes that they're going to pass a federal
6 bill that's going to eliminate all these state
7 commission proceedings.

8 JUDGE WOODS: Once again, we're on a 150-day
9 calendar, sir. We're not getting stalled, so I
10 don't understand the relevance.

11 MR. DUNN: All right.

12 JUDGE WOODS: If they were in court getting an
13 injunction, I guess maybe that's one thing, but
14 they're not, yet.

15 MR. DUNN:

16 Q. In your direct testimony on page 28 you
17 discuss the problem about stranded capacity, and
18 AT&T's witness -- AT&T and WorldCom's witness
19 Michael Starkey responded that that problem can be
20 taken care of by TELRIC pricing. In your rebuttal
21 testimony at page 6 you express a concern that the
22 TERLIC-based prices might be too high for CLECs.

1 That's on page 6 of your rebuttal at line 19. Do
2 you see that?

3 A. Yes, I do.

4 Q. This is the first time I've heard
5 Ameritech express concerns that TELRIC prices might
6 be too high. Can you explain to me what that
7 concern is?

8 MR. BINNIG: Object, Your Honor. This was the
9 subject of cross-examination by Mr. Bowen
10 yesterday. At this point I think we're getting
11 into cumulative questions.

12 MR. DUNN: Mr. Bowen asked --

13 JUDGE WOODS: I'll let him go a little bit. I
14 don't recall that particular question being asked.

15 A. Could you repeat the question, please?

16 Q. When you say that you're worried that
17 TELRIC-based prices might be too high, what do you
18 mean by that? What's your concern?

19 A. To the degree that we unbundle the
20 network as identified by the Commission and as
21 requested by the Commission, those individual piece
22 parts may wind up having fairly high prices on them

1 because of the cost of doing that unbundling,
2 whether it's from stranded capacity, information
3 systems work that would need to be done to support
4 it, etc. when those costs are now placed on the
5 wholesale product, those costs, even done at
6 TELRIC, may be so high that when they are used in
7 the marketplace by a person purchasing those, so
8 I'm providing a wholesale service to someone else,
9 that high cost would make those noncompetitive in
10 that market. It's going into a highly competitive
11 market, one that has cable modem service in it and
12 one that has wireless service in it, including
13 satellite. You're going to have to have services
14 and products that are cost competitive with those
15 of those other suppliers. I'm concerned about
16 that.

17 Q. So to remedy that problem --

18 JUDGE WOODS: Mr. Binnig, allow me to
19 apologize. I do recall that line of questioning
20 now, and you are correct.

21 MR. DUNN: He did answer that question, but I
22 do have some follow-up questions that were not

1 answered.

2 JUDGE WOODS: Okay.

3 Q. So to remedy that concern, is Ameritech
4 in favor of lower TELRIC prices?

5 A. It's in favor of being able to do
6 whatever is necessary to be able to get products in
7 the marketplace that we believe would be
8 competitive. Our belief is that the broadband
9 services offering was one way of being able to
10 provide a competitive service in the marketplace at
11 a more competitive cost.

12 Q. That doesn't answer my question. You've
13 expressed a concern about TELRIC prices being too
14 high, and my question is, is Ameritech in favor of
15 lower TELRIC prices? Is that what you're saying?

16 MR. BINNIG: I'll object to the relevance,
17 Your Honor. TELRIC prices are prices that are set
18 based on a particular economic costing assumption,
19 whatever those prices turn out to be. You can't
20 make them lower or higher arbitrarily.

21 JUDGE WOODS: Right. I think it's something
22 of a non sequitur, so ask the next question.

1 Q. Well, you understand that in TELRIC
2 pricing cases typically Ameritech comes in with one
3 set of prices and the CLECs typically come in with
4 a lower set of prices, even though both sides are
5 claiming they're using TELRIC-based pricing.
6 Correct?

7 MR. BINNIG: I object to the relevance.

8 JUDGE WOODS: Sustained.

9 Q. If there is a follow-on pricing case in
10 this proceeding, are you willing to stipulate to
11 the CLEC TELRIC prices?

12 MR. BINNIG: Object to the relevance.

13 JUDGE WOODS: Sustained.

14 Q. What can be done about this problem if
15 the TELRIC is too high?

16 A. I think the best thing that could be
17 done would be to eliminate any work that needs to
18 be done on the Pronto architecture that would cause
19 the cost to potentially go up. So to the degree
20 that, as an example, new unbundled elements are
21 required on this particular platform, I believe
22 that will drive added costs for the services that

1 are provided by it. I think the easiest way to
2 deal with that is the broadband service which
3 doesn't require that additional work be done to
4 provide this service.

5 Q. Could you look at -- do you still have
6 the Sprint exhibit, Cross Exhibit 1, which is the
7 December 19th Investor Briefing?

8 A. Yes, I do.

9 Q. Could you look at the first page of
10 that, and, again, for the record, this is Sprint
11 Ireland Cross Exhibit Number 1 on Rehearing, and in
12 the middle column, the last paragraph, it reads:
13 "In addition, service upgrades for customers in the
14 Ameritech region, launched in September of this
15 year, continue to be a top priority for SBC. The
16 company's commitment to finalizing these upgrades
17 has contributed to SBC's decision to adopt a
18 measured approach to DSL deployment in the
19 Ameritech region over the next several months."

20 That second sentence where it says the
21 upgrades have contributed to a measured DSL
22 approach, what's your understanding of what is

1 meant by contributed?

2 MR. BINNIG: I'll object. Again, this is
3 cumulative of Mr. Schiffman's questions on this very
4 point this morning.

5 MR. DUNN: Mr. Schiffman asked zero questions
6 about this paragraph.

7 MR. BINNIG: He asked about the exact same
8 statement in this document.

9 MR. DUNN: He absolutely did not ask him what
10 was meant by contributed. I circled it and wrote
11 it down. If he asked it, I wouldn't ask it.

12 JUDGE WOODS: He can answer.

13 MR. DUNN: He asked questions about pages 2,
14 3, and one question on page 1 that I marked. He
15 did not ask him the question I just asked.

16 JUDGE WOODS: He can answer.

17 A. There were several things done under
18 Project Pronto besides the actual DSL deployment
19 itself. As an example, dollars to be able to rehab
20 embedded based plant were included in the Pronto
21 funding effort. That was part of what was actually
22 done in Ameritech and is continuing to be done.

1 That is we are rehabilitating plant and adding
2 copper pairs. It is likely that this actually
3 speaks to that.

4 Q. So just so I understand, there's copper
5 -- in the Project Pronto architecture there's
6 copper between the customer premise and the RT. Is
7 that correct?

8 A. Yes, there is.

9 Q. And that copper has to be of sufficient
10 quality to allow you to run DSL and other services
11 over it. Correct?

12 A. Yes, it does.

13 Q. So are you saying that part of the
14 Project Pronto plan is upgrading that copper or at
15 least ensuring that the copper in place is of
16 sufficient quality?

17 A. That was part of the Pronto business
18 case, yes.

19 Q. And in the Ameritech region did that
20 upgrade slow down in your rollout of DSL?

21 A. I'm not sure specifically.

22 Q. Well, it says in this paragraph that SBC

1 took a measured approach to DSL deployment. What
2 does a measured approach mean?

3 A. We did not build out as much of the
4 actual DSL equipment as we might have up front
5 because we were working on other efforts like the
6 one you just described, like the one I just
7 described regarding the actual rehabilitation of
8 embedded plant.

9 Q. So you had to upgrade the Ameritech
10 copper, and that delayed the rollout of DSL in the
11 Ameritech region? Is that correct?

12 A. We didn't have to upgrade the copper in
13 order to delay the rollout, but we were working on
14 service problems, and to the degree that we
15 continued to do the service work, we put our effort
16 and our resources on that aspect of work in the
17 Pronto business case that would be associated with
18 improving service. We took less effort in being
19 able to deploy and focused less effort on the
20 actual DSL services.

21 Q. And, as a result, DSL was rolled out
22 more slowly in Illinois than in other SBC states.

1 Is that correct?

2 A. That was one result, yes.

3 Q. Is that work still ongoing today?

4 A. Which work is that, sir?

5 Q. The work you just described on upgrading
6 or rehabilitating copper in the Ameritech region.

7 A. Yes, to the best of my knowledge it is.

8 Q. And is that continuing to slow down the
9 DSL rollout in Illinois?

10 MR. BINNIG: I'll object, Your Honor.

11 Continuing to slow down assumes that the DSL
12 rollout is taking place.

13 JUDGE WOODS: Is DSL stopped?

14 THE WITNESS: DSL is stopped.

15 JUDGE WOODS: There you go.

16 Q. DSL is stopped, but you're continuing to
17 do the copper upgrade and rehabilitation work? Is
18 that what you said?

19 A. Yes, we are.

20 Q. And that copper upgrade and
21 rehabilitation work is part of the Project Pronto
22 work? Is that correct?

1 A. It's part of the business case. It is
2 not required necessarily for the DSL service.

3 Q. The copper work, is that a threshold
4 matter that has to be done before you can provide
5 DSL service?

6 A. No, not necessarily.

7 Q. So if you have copper that's not
8 upgraded or not rehabilitated, you can run DSL over
9 it?

10 A. If it's short and doesn't have a lot of
11 bridged tap associated with it, yes, that will run
12 DSL.

13 Q. But if it's not of a quality that would
14 permit DSL service over it, you have to necessarily
15 upgrade it first before you can run DSL over it,
16 correct?

17 A. Well, we're getting confused here on why
18 we upgrade plant. We upgrade the copper plant for
19 voice services, and we are actually taking care of
20 the copper plant by doing rehab in those areas
21 where the copper plant is not in very good shape.
22 That work is continuing, and it's used for voice

1 services. It's also helpful for DSL as well, but
2 it's really an upgrade that's being done for voice
3 services. That work is continuing.

4 (Whereupon AT&T Ireland
5 Rehearing Cross Exhibit 1
6 was marked for
7 identification.)

8 Q. Mr. Ireland, I've handed you what I'm
9 going to have marked as AT&T Ireland Cross Exhibit
10 1 on Rehearing. This is an analyst report dated
11 December 27, 2000. Do you recall the Investor
12 Briefing you saw before that's dated December 19,
13 2000?

14 A. I do.

15 Q. And if you look at page 2 of this
16 report, in the second column there's a header that
17 reads Slower DSL Rollout Than Expected in Ameritech
18 Region. Do you see that?

19 A. I do.

20 Q. And in that paragraph it discusses what
21 the analysts call a disappointment in the rate of
22 SBC's DSL rollout, and there's a sentence that

1 reads: "Due to service quality issues, SBC has been
2 unable to aggressively roll out DSL service --
3 translating into about 30 percent of its territory
4 in a basic sales blackout."

5 MR. BINNIG: Mine says 37 percent.

6 Q. I'm sorry; it says 37 percent. And I
7 should include the sentence before. The sentence
8 before that reads: "It appears that the Ameritech
9 region is the major factor." Do you agree with
10 those two sentences?

11 A. Yes, generally.

12 Q. And are those service quality issues
13 today still a factor in blocking the aggressive
14 rollout of DSL service?

15 MR. BINNIG: Again, I'll object, Your Honor,
16 to the relevance. He has already asked the
17 question, and --

18 JUDGE WOODS: He said he agrees with it.

19 MR. DUNN: Well, he agreed -- this is dated in
20 December of 2000, so let me -- I'm just asking if
21 he agrees that it's still a problem today.

22 JUDGE WOODS: Okay.

1 MR. BINNIG: For the Ameritech region?

2 MR. DUNN: In Illinois.

3 MR. BINNIG: Well, I'm objecting to in
4 Illinois. He has already testified it's stopped in
5 Illinois, so.

6 MR. DUNN: Well, let's take care of that
7 problem then.

8 Q. Let's assume that, you know, you win
9 this case tomorrow and there's no order -- there's
10 no unbundling requirement from anybody. Are the
11 service quality issues still impacting your DSL
12 rollout in Illinois or would they still impact your
13 DSL rollout in Illinois?

14 A. The service quality issues that were
15 identified here were largely ones of being able to
16 install lines, repair lines, do work for the voice
17 customers of Illinois. The people that actually do
18 that work, those are the same people that help
19 actually install and put in the equipment that
20 makes up the wholesale service, so the issue was
21 that we had people working on that project as
22 opposed to being able to do the ADSL or DSL

1 rollout.

2 The service problems in Illinois are
3 dramatically better today. Frankly, in the last
4 several months we've been able to keep the
5 performance of those at a level where we're no
6 longer for the retail customers having service
7 problems. We're focused very much on being able to
8 get all of that stuff corrected. Whether or not
9 that's been sufficiently done that a large number
10 of those resources could now be placed on the DSL
11 rollout I'm not sure, but the service is better.

12 Q. So is it exclusively a people problem or
13 is there also a plant problem?

14 A. There was both, but I would tell you a
15 people problem was one of the more significant
16 portions of the problem relative to rehabbing the
17 plant and doing the work necessary in the outside
18 environment in particular.

19 Q. If you could turn -- well, actually it's
20 at the bottom of page 2, the last sentence, well,
21 actually the last word. It goes on to the next
22 page, over to the next page. It reads: "SBC also

1 indicated that it does not plan to ramp its DSL
2 installation rate in the first half of 2001." Do
3 you see that sentence?

4 A. Yes, I do.

5 Q. Do you agree with that?

6 A. I don't know specifically what that was
7 referring to.

8 Q. Do you want to read the rest of that
9 paragraph and see if you can figure out what it was
10 referring to?

11 MR. BINNIG: Your Honor, at this point I'm
12 going to object to more questions on this document.
13 It's not a document that Mr. Ireland prepared.
14 It's a document prepared by an analyst, and he's
15 asking Mr. Ireland to speculate on what some
16 analyst may have meant.

17 MR. DUNN: I'm not asking what the analyst
18 meant. I'm just asking him if he agrees with it.

19 JUDGE WOODS: I think if he reads it and he
20 doesn't understand what's being said, he can
21 indicate whether he agrees with it. If he doesn't
22 understand what's being said, then he should just

1 say so, and basically the remainder of the
2 paragraph is just a series of facts, so I think he
3 can look at those facts and see if that jives with
4 what he understands to be the case.

5 (Pause in the proceedings.)

6 A. The numbers do not jive exactly. I'm
7 not quite sure what is meant by this, but we
8 believe the company likely will add just under 1.1
9 million subscribers next year. If that means 1.1
10 million in this year in addition to those
11 subscribers that are already using the network,
12 that number is pretty close.

13 Q. But what about the sentence that I read
14 to you where the analyst writes SBC also indicated
15 that it does not plan to ramp its DSL installation
16 rate in the first half of 2001? Do you agree with
17 that statement?

18 MR. BINNIG: Asked and answered.

19 JUDGE WOODS: He said he didn't understand
20 what it meant, and now -- I still don't know if he
21 knows what it means. Do you know what that means?

22 THE WITNESS: Not specifically, no.

1 JUDGE WOODS: Okay.

2 MR. DUNN: Well, I've got other analysts'
3 reports, but I guess I could just see if we can do
4 this without the analysts' reports.

5 Q. Do you agree that the service quality
6 issues that Ameritech had to address slowed down
7 its ADSL rollout in Illinois?

8 MR. BINNIG: Objection; asked and answered.

9 JUDGE WOODS: I tend to agree. He said yes.

10 Q. Do you think that Ameritech under -
11 invested in its network before SBC purchased it?

12 MR. BINNIG: Object to the relevance.

13 JUDGE WOODS: What's the relevance, Mr. Dunn?

14 MR. DUNN: It goes to the service quality
15 issue.

16 MR. BINNIG: Object to the relevance.

17 JUDGE WOODS: Irrelevant. Sustained.

18 Q. Mr. Schiffman asked you some questions
19 about the services you hope to provide over the
20 Project Pronto architecture. When I say services,
21 I mean services to consumers. Do you recall that
22 line of questioning?

1 A. Generally, yes.

2 Q. And does that -- I'm looking at a
3 newspaper article here that I'm not going to
4 introduce, but I just want to ask you, is it your
5 understanding that those services may include
6 digitized movies?

7 A. I don't believe I included those in the
8 discussion that I had with Mr. Schiffman, but we
9 have explored that as an option, yes.

10 Q. And have you also explored interactive
11 gaming?

12 A. Yes, we have.

13 Q. Also remote home security monitoring?

14 A. We have looked at people that are
15 producing CPE for that application, yes.

16 Q. Also video conferencing?

17 A. Yes, we have.

18 Q. Distance learning?

19 A. I don't recall that one specifically,
20 but we may have.

21 Q. And lastly, home and small business
22 networking?

1 A. Yes, we have.

2 Q. Those services I just listed, are those
3 services that could be provided over a non-Project
4 Pronto architecture also?

5 A. Meaning can they be provided over a
6 cable modem or a wireless provider or something
7 like that, a high speed Internet service?

8 Q. No. If SBC does not deploy Project
9 Pronto, could it still offer these services I just
10 listed?

11 A. Many of them they could not.

12 Q. Okay. Finally, I think finally,
13 Mr. Schiffman asked you -- well, let me back up.

14 In your testimony you talk about how the
15 Project Pronto architecture would benefit Illinois
16 consumers and how the Commission's order is going
17 to harm consumers because it prevents you from
18 rolling out Project Pronto. Is that correct?

19 A. Essentially, yes.

20 Q. And Mr. Schiffman asked you about the new
21 Illinois law that requires you to provide advanced
22 services to 80 percent of your customers. Do you

1 recall that line of questioning?

2 A. I do.

3 Q. So if you -- let's say you don't roll
4 out Project Pronto, but you've still got to provide
5 advanced services to 80 percent of your -- or at
6 least make it available to 80 percent of your
7 customers. How are those customers, the 80
8 percent, how are they affected?

9 A. The 80 percent would have some sort of
10 alternative from SBC that would provide that
11 service if I'm required to do so. I expect that
12 would be helpful.

13 Q. And Ameritech doesn't have any plans,
14 current plans, to offer advanced services in
15 Illinois outside of the Ameritech region, do they?
16 Do you understand my question? In the areas in
17 Illinois that Ameritech does not serve, you don't
18 have any plans to offer advanced services there, do
19 you?

20 A. I don't specifically know of any.

21 Q. And then the 20 percent of the customers
22 that you would not have to provide advanced

1 services to, those customers presumably would still
2 have the alternatives that you mentioned in your
3 testimony: cable modems, wireless, and satellite.
4 Is that right?

5 A. If there's a service provider serving
6 that area, they would have it.

7 Q. Okay. Does Ameritech have an incentive
8 to keep its competitors out of the DSL market?

9 A. Pardon me?

10 Q. Does Ameritech have an incentive to keep
11 its competitors out of the DSL market?

12 A. Not specifically that I know of.

13 Q. Well, I mean if you enable your
14 competitors to compete against you more
15 effectively, you lose revenue or lose market share,
16 don't you?

17 A. Could you ask the question again,
18 please? I'm sorry.

19 Q. Well, if you enable your competitors to
20 compete against you more efficiently and more
21 effectively, you stand to lose revenue and lose
22 market share, don't you?

1 A. It depends on the competitor, but if I
2 were to help another competitor that's competing
3 against a DSL product, as an example, that my
4 retail arm is selling and I went off and helped the
5 cable company to be able to be more effective
6 against that, yes, that would not be a good thing
7 for me.

8 Q. No, my question is more fundamental.
9 It's a pretty basic question. Strictly on an
10 economic level, Ameritech has an economic incentive
11 to keep CLECs out of the DSL market. Isn't that
12 true?

13 A. I have an economic incentive to make
14 CLECs successful in my marketplace because I've
15 been asked to do that. I've been asked by the
16 regulators to offer services and products under an
17 arrangement where the Pronto waiver would allow me
18 to offer a broadband service to those people. I'm
19 incented to have that work and to do it well, so
20 I'm trying very hard to do that well and do it
21 under the terms and conditions of that law.

22 Q. So you don't have any incentive --

1 there's no economic incentive at all for Ameritech
2 to delay competition in the DSL market .

3 A. We are not trying to do that.

4 Q. I'm not accusing you of doing that. I'm
5 saying it's your testimony you don't have any
6 incentive at all to do that.

7 A. I'm struggling with the incentive issue
8 because I'm incented to do a number of different
9 things, and as I look at all of those in balance,
10 the thing that I'm trying to do is I'm trying to
11 offer services on a wholesale basis from the
12 Ameritech ILEC so that any competitor can gain
13 access to that service.

14 MR. DUNN: I have no other questions.

15 JUDGE WOODS: I'm going to try to work
16 backwards, Mr. Ireland.

17 EXAMINATION

18 BY JUDGE WOODS:

19 Q. Do you remember the questions about the
20 National/Local Strategy?

21 A. Yes, I do.

22 Q. Do you have any idea how SBC intends to

1 provide local service in those areas in which it
2 intends to compete, the three areas that they were
3 talking about?

4 A. Yes, I do.

5 Q. How is that?

6 A. We're going to offer a local service on
7 a switch-based circuit platform, and we've provided
8 circuit switching using the Lucent 5E ESS. We have
9 also provided a capability to extend that into ten
10 wire centers within each of those areas. That
11 extension is done one of two ways.

12 Q. Okay. It's going to be
13 facilities-based?

14 A. Yes, it is.

15 Q. Not resold?

16 A. We will use the unbundle loops of the
17 local exchange carrier in those regions.

18 Q. So you're buying loops at UNE prices.

19 A. That's correct.

20 Q. And then are you going to be providing
21 advanced services in those areas?

22 A. We do have plans to do that. We did

1 deploy technology to do so.

2 Q. How are you going to do that?

3 A. We are doing it exactly the same way.

4 We would buy an unbundled loop from the ILEC, and
5 we would provide it using a DLC, a next generation
6 digital loop carrier made by Lucent called the
7 AnyMedia platform.

8 Q. And that's going to be collocated?

9 A. It will be collocated at the central
10 office.

11 Q. At your central office or at the
12 incumbent's central office?

13 A. In the out of region locations it would
14 be the incumbent LEC's central office.

15 I may have misspoke. We're collocating
16 in the ILEC's central offices in most of the
17 locations. The one that I actually visited in New
18 York, the central location where we have our host
19 switch, that was actually a building that we were
20 leasing. It was not an ILEC building.

21 Q. Okay. Have you done any -- and if it's
22 proprietary, tell me so, but have you done any

1 costing studies to see what it's going to cost you
2 to do the collocation?

3 A. I would expect that would have been done
4 in the telecom organization that's doing this work.

5 Q. You don't know what the number is?

6 A. I don't know what the number is.

7 Q. Okay. Now you said you just came on
8 board with this in January of 2001. Is that
9 correct?

10 A. That's correct.

11 Q. So you weren't involved in the planning
12 stages as far as the actual architecture of Pronto
13 goes?

14 A. When the original architecture work was
15 done, it identified how DSL could work over a loop
16 carrier, what the loop lengths ought to be, the
17 restrictions on the technology platform. I was
18 involved in those discussions and in that work.

19 Q. You were involved in those?

20 A. I was involved in that, yes.

21 Q. Okay. During the course of those
22 discussions, did you ever consider what CLECs might

1 need as far as collocation needs in --

2 A. My role -- excuse me.

3 Q. -- the remote terminals?

4 A. My role was in design of the actual
5 technology itself, not how the platform might
6 ultimately be provided to others.

7 Q. So you didn't hear any discussions of
8 that nature.

9 A. I know that there was work done that
10 looked at all of these different alternatives. I
11 don't know what the final outcome was, and I wasn't
12 knowledgeable about the study work that was done on
13 that.

14 Q. To your knowledge are any of the other
15 witnesses who are going to testify on Ameritech's
16 behalf today involved in that? Were any of them
17 involved in that particular aspect and sitting down
18 and thinking how is this going to impact the CLECs?

19 A. I don't know.

20 Q. Okay. Now turning to the PVP /PVC
21 unbundling issue.

22 A. Yes.

1 Q. Is the reason you're having a hard time
2 with that because the PVP is only established when
3 the fiber gets lit? That there's not an ongoing
4 physical connection? That it gets established when
5 the fiber gets lit up and therefore you think you
6 can't unbundle it?

7 A. It's not so much the fiber. The PVP and
8 the PVC, we provide those as part of the entire end
9 to end service, and the PVC goes, as I indicated
10 yesterday, end to end from the customer's prem to
11 the back side, if you will, of the OCD. I don't
12 know how to provide that without the underlying
13 equipment that it's associated with. It is only
14 useful and only helpful if you have the underlying
15 equipment there. So when you say unbundle it, I
16 don't know how to give you the PVC without the
17 underlying equipment.

18 Q. Okay, but doesn't that just point to
19 unbundling as a pricing process as opposed to an
20 architecture process? If we can just figure out
21 what each of those segments is worth, we should be
22 able to compensate you for the use of each of those

1 segments, shouldn't we?

2 A. I don't know. I'm trying to unbundle
3 this from a physical or technical standpoint.

4 Q. I know.

5 A. And that looks very difficult to me.

6 Q. I agree with you, but -- and I think one
7 of the very -- are you familiar with the recent
8 Supreme Court decision on --

9 A. No, sir, I'm not.

10 Q. Well, one of the things they pointed out
11 was that maybe when we think about unbundling,
12 we're not thinking right; that maybe we should just
13 be thinking about unbundling as a pricing process
14 as opposed to a physical separations process. What
15 we really should be looking at is figuring out how
16 to price parts as opposed to take them apart, and
17 that's what I'm trying to get at; that that would
18 make the thought processes a little easier.

19 A. It would certainly make the complexity
20 of the technical requirements to unbundle the
21 physical parts easier.

22 Q. Okay. Then on page 24 of your direct

1 testimony, and I apologize I don't have a line
2 reference, but there's a reference to the
3 likelihood or guarantee that Ameritech would ever
4 recover its additional costs. I think you're
5 talking about in light of the unbundling
6 requirements that that equation is changed.

7 A. Yes.

8 Q. Okay. You previously testified that DSL
9 is, in your opinion, a competitive marketplace
10 right now?

11 A. That DSL is one of a variety of
12 technologies that's in a competitive market, yes.

13 Q. Okay. Now, isn't one of the hallmarks
14 of a competitive market the fact that no one is
15 guaranteed the recovery of additional costs?

16 A. I would expect so, yes.

17 Q. And finally, on page 18 you quote from a
18 portion of the FCC -- I believe the FCC order
19 concerning various companies' proposed deployment
20 of DSL service in 1999. Do you see that?

21 A. Yes, I do.

22 Q. Okay. As far as Rhythms goes, there's

1 1000 planned end offices in 1999. Do you have any
2 idea what eventually came out of that plan as far
3 as what they've got in place now?

4 A. No, not specifically I don't.

5 Q. Any of these except NorthPoint?

6 A. No, I don't.

7 Q. Do you know about NorthPoint?

8 A. No, I do not.

9 JUDGE WOODS: Okay. That's all.

10 I normally would allow follow-up on
11 direct. I think in nine years I've always allowed
12 people to follow up on direct. I think a day and a
13 half on this witness is plenty, so I'm just going
14 to take a lunch break. We'll do redirect when we
15 come back. I will allow follow-up on redirect
16 examination. So we'll take an hour lunch.

17 MR. BOWEN: Your Honor, before you do that,
18 there is one area you asked about that this witness
19 testified incorrectly factually. I'd like to be
20 able to examine him on that. That is the PVC /PVP
21 end to end. I submit he's factually and
22 technically wrong about that, and I can bring that

1 out in a small series of questions.

2 MR. BINNIG: Mr. Bowen already questioned him
3 on that yesterday, Your Honor. I don't think it's
4 appropriate.

5 We do have very short redirect. We'd be
6 happy to do it right now.

7 JUDGE WOODS: Okay. Let's do that. I'm
8 sorry, Mr. Bowen. We've had enough.

9 MR. BINNIG: We'd be happy to do the redirect,
10 Your Honor.

11 JUDGE WOODS: In fact, do you have a witness
12 in the room that heard the testimony?

13 MR. BOWEN: I'm sorry?

14 JUDGE WOODS: Is your witness on the
15 architecture present in the room today?

16 MR. BOWEN: Yes.

17 JUDGE WOODS: I will allow you to ask him on
18 your direct if he heard that testimony and if he'd
19 like to make an assertion.

20 MR. BOWEN: Okay.

21 JUDGE WOODS: Okay?

22 Mr. Binnig.

1 MR. BINNIG: Some short redirect, Mr. Ireland.

2 REDIRECT EXAMINATION

3 BY MR. BINNIG:

4 Q. Do you recall yesterday that Mr. Bowen
5 asked you a series of questions about a meeting you
6 attended with Alcatel in late February 2000?

7 A. Yes, I do.

8 Q. And to put this meeting into historical
9 context, was this meeting about seven months before
10 the FCC granted SBC's request for waiver of the FCC
11 merger conditions that forbid the SBC ILECs from
12 owning advanced services equipment?

13 A. Approximately, yes.

14 Q. So at the time of this meeting was it
15 your understanding that the SBC ILECs were
16 prohibited from owning any advanced services
17 equipment?

18 A. That is my understanding, yes.

19 Q. Does Ameritech Illinois provide any
20 services or products to AADS that it does not offer
21 or provide to all other CLECs?

22 A. No, there are none that I know of.

1 Q. I guess just one last question,
2 Mr. Ireland, and this relates to Mr. Bowen's
3 questions to you yesterday about Ameritech
4 Illinois' provision of advanced services and its
5 interest or its concern about incurring additional
6 costs related to the provision of advanced
7 services. Is it your understanding, Mr. Ireland,
8 that in a competitive market that competitors
9 generally try to eliminate cost? That is to drive
10 costs out of their service and products rather than
11 add costs in?

12 A. Typically they do, yes.

13 Q. Okay. Why is that?

14 A. Because if you can get a product at a
15 lower cost, you have a competitive advantage over
16 another product that might be at a higher cost if
17 the issue is cost alone.

18 Q. And if you are a higher cost provider,
19 what are the consequences of that?

20 A. People don't buy your service, you go
21 out of business, you're noncompetitive in the
22 marketplace, again, if the issue is cost alone.

1 MR. BINNIG: No other questions, Your Honor.

2 JUDGE WOODS: Okay. Follow-up?

3 MR. BOWEN: Thank you, Your Honor.

4 RECROSS EXAMINATION

5 BY MR. BOWEN:

6 Q. Mr. Ireland, I want to point you back to
7 the first topic that your counsel discussed with
8 you just now. That's the March 1, 2000 meeting
9 that you attended at Alcatel, and I think your
10 counsel was focusing on the report there concerning
11 your request -- and I won't go on the open record
12 on this, but your request to do certain things
13 concerning central office based DSLAMs and the
14 LiteSpan platform. Is that right? That's what
15 you're talking about there.

16 A. That's my guess, yes.

17 Q. Okay. Since we don't have any of the
18 further meeting notes to work from at this point at
19 least, let me ask you, did the discussions on that
20 topic continue after March of 2000?

21 A. I don't think so, but I don't know. I
22 don't recall whether or not those discussions

1 themselves actually took place. I believe that's
2 the testimony I gave you yesterday.

3 Q. Okay. Well, the notes indicate that
4 they did, do they not, in that exhibit?

5 A. Yes, they do.

6 Q. Okay. And do you know or do you recall
7 whether or not Alcatel actually gave you a proposal
8 on that as you had requested at that meeting, at
9 least according to the notes? You meaning SBC, not
10 you meaning Mr. Ireland.

11 A. And I don't specifically recall. I
12 don't know.

13 Q. Okay. Do you know whether or not these
14 discussions continued between any SBC personnel,
15 not just yourself but any SBC personnel and Alcatel
16 after September 8th of 2000?

17 A. I don't know.

18 Q. Okay. But I think you testified
19 yesterday that there were meetings between SBC
20 personnel and Alcatel that you did not attend.
21 Isn't that right?

22 A. That is correct.

1 Q. Secondly, I think you said in response
2 to a question from your counsel just now that, in
3 effect, AADS doesn't get anything from SBC, any
4 products or services. Is that what you said?

5 MR. BINNIG: No. That mischaracterizes my
6 question.

7 Q. Okay. I'm asking you to help me with my
8 understanding. What does AADS get from SBC that
9 CLECs -- other CLECs don't get from SBC?

10 A. Other CLECs?

11 Q. I think that was the question.

12 MR. BINNIG: No, it was not. The question was
13 does Ameritech Illinois provide any services or
14 products to AADS that it does not offer or provide
15 to all other CLECs. That was the question.

16 MR. BOWEN: Thank you, Mr. Binnig.

17 MR. BINNIG: You're welcome.

18 MR. BOWEN:

19 Q. What products or services does SBC offer
20 to other CLECs?

21 A. Any of the unbundled network elements
22 that are required under the law, and it also offers

1 the -- it did offer the broadband service as part
2 of the Pronto waiver agreement that we had agreed
3 to do.

4 Q. Okay. Is that it? Anything else?

5 A. I don't specifically know of others.

6 Q. Okay. Well, I thought you testified
7 yesterday under oath that you viewed yourself at
8 the Chief Technology Officer for both the ILEC
9 Ameritech and AADS. Didn't you say that yesterday?

10 A. I do laboratory work for AADS as an
11 example, ASI, AADS.

12 Q. And how is that done?

13 A. To the degree that they want research
14 done or searching for technologies or other
15 equipment, we attempt to do that once for the
16 corporation. It's done by the TRI Laboratory
17 group.

18 Q. We talked about them yesterday. We
19 discussed TRI yesterday.

20 A. The word came up, yes.

21 Q. That's the same group we talked about
22 yesterday, the integrated lab function for all of

1 SBC? Is that right?

2 A. I don't know about the integrated, but
3 it's the single laboratory for SBC.

4 Q. Okay. Does TRI offer services, the same
5 services to Rhythms or Covad that it offers to AADS
6 or Ameritech Illinois?

7 A. I don't specifically know.

8 Q. I thought you supervised TRI.

9 A. I do. There are many things they do
10 that I'm not directly involved in. I supervise
11 about 38,000 people.

12 Q. Well, let me put it this way. You're
13 not aware through any of your contact with the TRI
14 people or any of your responsibilities that are
15 supervisory that TRI has ever offered support to
16 Rhythms in terms of evaluation, testing, or any
17 other function it provides as it does to AADS, are
18 you?

19 A. I don't know that we've ever offered
20 that, no.

21 Q. Okay. So then your testimony is not
22 correct, is it?

1 MR. BINNIG: No, it is. The question was does
2 Ameritech Illinois provide any services or products
3 to AADS that it does not offer or provide to all
4 other CLECs. You can mischaracterize the record
5 any way you want, but that was the question.

6 Q. So I guess this was a very careful
7 question then, wasn't it, Mr. Ireland? Very
8 carefully drawn to focus only on a part of the SBC
9 family. Is that fair?

10 A. It was focused on Ameritech Illinois
11 which offers the wholesale service.

12 Q. Let's focus on the SBC Corporation then.
13 Can we do that?

14 MR. BINNIG: I'm going to object to the
15 relevance at this point, Your Honor.

16 JUDGE WOODS: I think it is somewhat beyond
17 the scope of direct, but I'll hear the question
18 first.

19 MR. BOWEN: Okay.

20 Q. For the functions that AADS does not
21 perform itself, is Ameritech Illinois the sole
22 source of those outsourced functions?

1 A. Ameritech Illinois, the company?

2 Q. Yes, the ILEC.

3 A. I'm sorry. Ask the question one more
4 time. I'm confused.

5 Q. Yes. For the functions that AADS needs
6 to operate as a CLEC that it outsources, is
7 Ameritech Illinois the sole source of those
8 outsourced functions?

9 A. I don't know.

10 Q. Well, you know that is not the case,
11 don't you? You just said that TRI is the source of
12 one of those outsourced functions.

13 A. No. What I specifically said was the
14 things that we offer from the wholesale company,
15 those things that I am aware of that are technical
16 in nature, network elements in nature, those are
17 the UNEs and the broadband service. I offer those
18 as wholesale, and I offer those to AADS or any
19 other CLEC.

20 Q. Okay.

21 A. Those are the services that I'm aware of
22 that we offer to AADS and any other CLEC. I know

1 of nothing else that I offer to AADS or to any
2 other CLEC.

3 Q. Well, isn't the implication of the
4 question and your answer that SBC is treating AADS
5 just like it treats Rhythms or Covad?

6 MR. BINNIG: I'll object. It's argumentative,
7 Your Honor.

8 MR. BOWEN: No, it's not, Your Honor. I think
9 I'm entitled -- I think what Mr. Binnig has done
10 here is to try and leave the impression that what I
11 just said is the truth; that is, that the SBC
12 company treats AADS just like it treats Rhythms or
13 Covad. That factually, obviously, is not the case.
14 I think I'm entitled to examine what really happens
15 between AADS and the SBC family, which is far
16 different than the impression left by Mr. Binnig's
17 question.

18 MR. BINNIG: It's not the impression that I
19 left. It's not the question I asked. I asked
20 about Ameritech Illinois. They are the incumbent
21 ILEC. They are the party to this proceeding.
22 That's the only relevant issue.

1 A F T E R N O O N S E S S I O N

2 (Whereupon Ameritech Exhibit 2.0
3 was marked for purposes of
4 identification as of this
5 date.)

6 (Whereupon the Witness was duly
7 sworn by Judge Woods.)

8 JUDGE WOODS: Mr. Livingston.

9 MR. LIVINGSTON: Thank you, Your Honor.

10 DR. ROBERT W. CRANDALL

11 called as a Witness on behalf of Ameritech Illinois,
12 having been first duly sworn, was examined and
13 testified as follows:

14 DIRECT EXAMINATION

15 BY MR. LIVINGSTON:

16 Q. Dr. Crandall, would you please state your
17 full name for the record and spell your last name.

18 A. Robert W. Crandall, C -R-A-N-D-A-L-L.

19 Q. And could you state for the record your
20 business address.

21 A. My business address is the Brookings
22 Institution, 1775 Massachusettes Avenue, Northwest,

1 Washington, D.C.

2 Q. Do you have a copy of your testimony?

3 A. Not with me.

4 Q. I will give you a copy of your testimony.

5 I give you what we have marked as Ameritech Exhibit

6 2.0. Is this your direct testimony in this case?

7 A. It appears to be.

8 Q. And does that consist of 24 pages of
9 questions and answers and a single schedule RWC-1?

10 A. Yes.

11 Q. And RWC-1 is your biography?

12 A. Yes.

13 Q. Was this prepared under your direction
14 and supervision?

15 A. Yes.

16 Q. Do you have any changes or corrections?

17 A. No.

18 Q. If I asked you the questions that appear
19 in this 2.0 today, would your answers be the same?

20 A. I believe so.

21 MR. LIVINGSTON: Your Honor, I would move the
22 admission of Ameritech Exhibit 2.0 which includes both

1 the 24 pages of questions and answers and Schedule 1
2 which is Dr. Crandall's biography.

3 JUDGE WOODS: Objections?

4 MR. SCHIFMAN: None, Your Honor.

5 MR. LIVINGSTON: Tender the witness for
6 cross.

7 JUDGE WOODS: Documents are admitted without
8 objection.

9 (Whereupon Ameritech Illinois
10 Exhibit 2.0 was admitted into
11 evidence.)

12 Witness is available for cross.
13 Mr. Schiffman?

14 CROSS EXAMINATION

15 BY MR. SCHIFMAN:

16 Q. Good afternoon, Dr. Crandall. My name is
17 Ken Schiffman. I represent Sprint in this hearing.

18 A. Hello.

19 Q. Dr. Crandall, on page 4 of your testimony
20 you discuss limitations for digital subscriber line
21 service, is that true?

22 A. Yes.

1 Q. And one of those is that loops that are
2 longer have the ability to transmit DSL service at a
3 slower speed than loops that are shorter, is that
4 correct?

5 A. In general that is true, yes. I am not
6 an engineer, but that's my understanding.

7 Q. And you convey that understanding here in
8 your testimony, true?

9 A. Yes, yes.

10 Q. And if a CLEC was offered a loop by
11 Ameritech Illinois that was longer than the loop that
12 Ameritech Illinois offers its advanced services
13 affiliate, you would agree with me that the CLEC in a
14 general manner would have less ability to offer the
15 same speed of service that the Ameritech affiliate
16 obtains from that loop?

17 A. Under that assumption, yes, if he has a
18 longer loop for somebody, it degrades the speed.

19 Q. In your testimony on pages 4 and 5 you
20 describe ways that local exchange carriers can deal
21 with the issues of long loops, right?

22 A. I discuss at least one method, yes.

1 Q. Okay. And one method is to install a
2 digital loop carrier in the network, right?

3 A. Yes.

4 Q. And that effectively shortens the loop
5 lengths in the network, right?

6 A. Yes.

7 Q. Is it your understanding that SBC in
8 deploying Project Pronto is installing Next Generation
9 digital loop carriers?

10 A. That's my understanding.

11 Q. And those Next Generation digital loop
12 carriers shorten loop length typically to 12,000 feet
13 or less, right?

14 A. I don't know the exact details, but I
15 believe that's correct.

16 Q. This Next Generation digital loop carrier
17 deployment by SBC is just an evolution of network
18 technology that's ongoing for Ameritech?

19 A. That's my understanding.

20 Q. All right. Turning to page 11 of your
21 testimony, sir, you have a statement towards the
22 bottom of the page, there is a Q and A. The Q is "Why

1 do you say that?" And the A starts with "I have
2 several concerns with the Commission's actions." Here
3 you are talking about the Commission's unbundling
4 order in this case before rehearing, is that right?

5 A. Yes.

6 Q. You say this unbundling is not required
7 under the FCC's rules nor is it required by the 1996
8 Act. Do you see that testimony?

9 A. Yes.

10 Q. Now, you are not testifying as a lawyer
11 here, are you?

12 A. No.

13 Q. And so it's not your legal opinion -- you
14 are not making a legal opinion about what's required
15 under the FCC rules or under the 1996 Act?

16 A. No, I am simply reflecting on what my
17 understanding as an economist is of those rules.

18 Q. Okay. Dr. Crandall, I handed to you
19 before you got up on the stand a document entitled "An
20 Assessment of the Competitive Local Exchange Carriers
21 Five Years after the Passage of the Telecommunications
22 Act." It says, "Robert W. Crandall, June 2001" on it.

1 Do you recognize this document?

2 A. I do.

3 MR. SCHIFMAN: I am asking the court reporter
4 to mark it, please, as Sprint Rehearing Crandall Cross
5 Exhibit 1.0.

6 (Whereupon Sprint Rehearing
7 Crandall Cross Exhibit 1.0
8 was marked for purposes of
9 identification as of this
10 date.)

11 Q. And, Dr. Crandall, you are indeed the
12 author of this Cross Exhibit 1.0?

13 A. Yes, I am.

14 Q. And when did you write this article?

15 A. Well, this is -- unfortunately, it
16 doesn't say on the cover. This was a study which was
17 commissioned by the SBC and was finished as it says
18 here in June 2001. I think it began somewhere around
19 March of this year.

20 Q. This was commissioned by SBC?

21 A. It was, yes.

22 Q. So SBC paid you to conduct this study?

1 A. Yes, they did. You will see that in the
2 subsequent pages it is listed as being produced by
3 Criterion Economics. It is a consulting firm within
4 my work and that is who actually published it. As a
5 matter of fact, I called back this morning when I saw
6 it because there is no indication on the cover that it
7 was a Criterion Economics study, and that's important
8 to me.

9 Q. I see. The SBC paid Criterion Economics,
10 L.L.C., to draft a study, true?

11 A. That is correct.

12 Q. And you are the principle author of this
13 study, right?

14 A. Yes.

15 Q. Do you know if SBC agrees with the
16 conclusions you reach in this study?

17 A. I have no idea. The young man in
18 Washington who commissioned it simply accepted it from
19 us. There was no review of it. And we discussed it
20 with some people in Washington, and that's the last I
21 have seen of it. So I have had no interaction with
22 SBC over the report.

1 Q. Let's talk about the time period before
2 you made this report, before you authored this report.
3 How did -- what was the transaction between SBC and
4 Criterion Economics? What led to you doing this
5 study?

6 A. Well, I think they contacted me. A young
7 man by the name of Matt Miller in Washington contacted
8 me to do it because I had written a couple of
9 different articles, one with Professor Jerry Housman
10 of MIT and one with Thomas Haslo of American
11 Enterprises on competition under the 1996 Act. And he
12 simply called me up and I met with him briefly and he
13 agreed to fund us.

14 Q. Did he tell what you kind of conclusions
15 SBC wanted to see from this study?

16 A. Had he done that, I would not have done
17 it. These conclusions are mine, and you will find if
18 you compare them against other things that I have
19 written, they are consistent.

20 Q. After -- let me make sure I just got this
21 clear. I believe we talked about this. But after the
22 study was done, have you talked to SBC at all about

1 the results of your study?

2 A. No, we had a press conference at the
3 headquarters of the U.S. Telecommunications
4 Association, I guess it's now called, in Washington in
5 which I detailed our results to a group of reporters,
6 and I have had no further contact with anyone about
7 this study, including SBC.

8 Q. And I believe at the end of this document
9 there is a press release from the USTA indicating on
10 June 27, 2001, that a press conference was held. Does
11 that meet with your understanding?

12 A. If that's what it says, I don't remember
13 the date, but that sounds about right.

14 Q. Did you review the press release before
15 it went out?

16 A. Oh, yes, sure, because, obviously, I
17 wanted to make sure that they were -- I changed it
18 rather considerably because I think the person who
19 read the study originally didn't get it correct. So I
20 think the press release corresponds to the conclusions
21 in the study. You can probably tell me.

22 Q. I think it does. So let's just get this

1 clear. You believe that the press release accurately
2 reflects the conclusions in the study?

3 A. Well, now that you -- I mean, at the time
4 I thought it did. I guess we can get into that if you
5 want, but that was my recollection, yes.

6 Q. Okay. I don't have any further question
7 about whether or not it reflects it. I just wanted to
8 know what your general understanding was.

9 A. My recollection is that I made
10 substantial changes in the press release because I
11 thought it was not an accurate representation of the
12 study.

13 Q. Do you know what changes you made?

14 A. No, I don't. I think it was just factual
15 things. It was just simply not a well-crafted
16 release.

17 Q. One of the results of your study, Dr.
18 Crandall, is -- well, first of all, why don't you
19 describe for the Commission generally what you looked
20 at and what the study discusses?

21 A. Well, the study looks at the performance
22 of the so-called CLECs, the competitive local exchange

1 carriers, over the first five years plus of the Act,
2 the 1996 Act, and examines in some detail a number of
3 the publicly traded companies and then does a
4 statistical analysis on data available for publicly
5 traded companies because we don't have data for those
6 companies that have not yet gone public. And reports
7 on some results we obtained on the success of CLECs in
8 transforming investments into revenues which is our
9 major criterion for how well they are doing for the
10 first five years, since these are start-up companies
11 for the most part who are not yet achieving
12 profitability in any accounting sense and maybe even
13 in any real economic sense because they are still
14 building out and attracting customers at a rapid rate.

15 Q. And, Dr. Crandall, you analyzed entry
16 strategies for CLECs in this study?

17 A. We looked at them, yes.

18 Q. And you analyzed a couple different
19 strategies, I believe three of them, a completely
20 facilities-based strategy, a UNE-based strategy,
21 unbundled network element strategy, and a resale
22 strategy, is that true?

1 A. Yes, or combinations thereof as well as
2 whether they were targeting principally business
3 customers or residential customers. I should hasten
4 to point out that our information on these strategies
5 also comes from public information, Wall Street
6 analyst reports, their own reports, the Securities and
7 Exchange Commission and so forth.

8 Q. And would you agree with me that your
9 study concludes that CLECs using a total resell
10 strategy don't have a very good chance of making it in
11 this competitive environment?

12 A. I think that's stated too strongly. It's
13 not necessarily inconsistent with the conclusion.
14 Remember, we are talking about the first five years
15 under a very new policy of allowing entry into local
16 telephony. No one in the world has done it for a very
17 long period of time, with the possible exception of
18 the United Kingdom. There are no models. And after
19 five years, given the complexity of this industry and
20 the changing technology, I am not sure you can come to
21 such a definitive conclusion as you just stated.

22 What we said was that it appears to us

1 and it appears to me as the author of the study that a
2 facilities-based strategy is a better strategy and
3 that a strategy based solely or principally on
4 unbundled network elements or resale thus far has
5 proved not to be as successful.

6 Q. And what are some of the problems with
7 resale? Let's focus on that first.

8 A. Well, we are not completely sure. I am
9 not completely sure. But certainly one of the
10 problems is that all you are doing is reselling the
11 existing incumbent carrier's service. Another
12 possibility may be that, since you are dealing with a
13 long time public utility service which 94 percent of
14 American households and virtually all of American
15 businesses have, the avoided costs of retailing are
16 not very high and, therefore, the avoided cost
17 discounts are rather small. It is simply not
18 potentially a business with a very large up side and
19 could have a substantial down side.

20 Q. Okay. Page 23 of your study you talk
21 about the disadvantages of TSR, and I assume by TSR
22 you mean total service resale, is that right?

1 A. Right.

2 Q. And the first paragraph there you talk
3 about, one, the disadvantage of TSR is that the CLEC
4 product is identical to the ILEC product and,
5 therefore, a CLEC using TSR cannot offer a superior
6 service to the ILEC. Do you still agree with that
7 statement?

8 A. Yeah.

9 Q. Do you have an understanding of what
10 broadband service that SBC is making available -- that
11 Ameritech Illinois made available to CLECs before it
12 suspended deployment of Project Pronto here in
13 Illinois? Do you have an understanding of what that
14 is?

15 A. I have a rough understanding, yes.

16 Q. Is it your understanding that that is a
17 resale type offering?

18 A. Well, the offering is on the one hand a
19 resale type offering, on the other hand there is an
20 offer also to allow collocation in the remote
21 terminals so that the CLEC can offer any blend of
22 service it wants. In addition, we are talking here

1 principally about voice grade telephony which has
2 driven the results in this report. For broadband
3 there are lots of other ways of delivering the
4 service, by wireless, by cable, so there are other
5 alternatives.

6 Q. I think your answer raises a good
7 question. Does your study -- do you have any reason
8 now to conclude that there is a difference for total
9 service resale for advanced services as voice
10 services?

11 A. I don't have any evidence on the advanced
12 services. And if the evidence is sketchy because we
13 only have five years of experience, albeit eight and a
14 half percent of switched access lines by the end of
15 2000, certainly the evidence is even sketchier for
16 broadband service which is, after all, only rolled out
17 to five to seven percent of households so far,
18 including all forms of broadband service whether they
19 be satellite, wireless, cable or DSL.

20 Q. One of the options Ameritech Illinois
21 made before it suspended deployment is the broadband
22 service to CLECs. My question -- and you acknowledge

1 that, correct, one of the options?

2 A. One of the options is to allow -- to
3 offer to the CLECs essentially a package, a resale
4 package, of their broadband service, correct.

5 Q. You understand here that the CLECs want
6 that service as unbundled network elements, true?

7 A. I understand that.

8 Q. And does your study talk about any
9 advantages of CLECs using an unbundled network element
10 strategy as a transition to a facilities-based
11 strategy?

12 A. Yes, I think probably, actually, we
13 probably refer to both of them as a transitional
14 strategy. And they might work as a transitional
15 strategy, given that one has to market in a particular
16 area and it takes a substantial period of time and
17 expenditure to roll out one's own network. This could
18 be part of a successful strategy of rolling out one's
19 own service.

20 Q. And for a CLEC to obtain a profitable
21 customer base, one of the things the CLEC would like
22 to do probably is offer services that are different

1 than the services offered by the ILEC?

2 A. I would think that that would be
3 important, because in order to get people to shift
4 over, that it is unlikely that they will be able to
5 offer sufficient price saving to induce large numbers
6 of customers to shift, at least for traditional voice
7 services.

8 Q. Let me ask you a question about page 25
9 of your study. In the first paragraph, the last
10 sentence talks about a clever CLEC being able to
11 utilize U&E leasing while also improving the ILEC
12 network to generate cost savings and service
13 advantages. Eventually, an efficient cost conscious
14 CLEC will be able to leverage these investments and
15 move to an on net platform. Does that sentence --
16 that sentence applies equally to a CLEC trying to
17 offer advanced services too, true?

18 A. I think I was thinking of it in terms of
19 traditional services, but I had no reason to believe
20 that if in fact UNEs are available, that that could be
21 a strategy the CLEC would use. It is -- nowhere near
22 does one say that that's a necessary strategy.

1 Q. That's a strategy the CLEC who is trying
2 to provide advanced services or in this case CLECs
3 trying to provide DSL services could seek to generate
4 cost savings and service advantages by using unbundled
5 network elements, is that true?

6 A. You said service and cost advantages, did
7 you say?

8 Q. Savings and service advantages.

9 A. Yes, yes, I think so, particularly given
10 that UNES are generally priced at TELRIC which is an
11 economic concept below the full cost of the service.

12 Q. Page 12 of your testimony, Dr. Crandall,
13 discusses, I believe, some alternatives that you think
14 CLECs have besides the wholesale broadband service.
15 One of those is -- in one of these alternatives you
16 talk about that CLECs can obtain an engineering
17 controlled splice pursuant to the Project Pronto Order
18 conditions?

19 A. Yes.

20 Q. Do you know how much it is for a CLEC to
21 obtain an engineering controlled splice?

22 A. How much, you mean what it costs ?

1 Q. Yes, yes. How much do I as a CLEC have
2 to pay an ILEC for an engineering controlled splice?

3 A. I have no idea.

4 Q. Do you know how long it takes me as a
5 CLEC to obtain an engineering controlled splice from
6 Ameritech?

7 A. I do not.

8 Q. Do you know what a special construction
9 arrangement is?

10 A. I mean, I know generally. I don't know
11 what is required to get one.

12 Q. Do you know that Ameritech Illinois
13 requires a special construction arrangement to obtain
14 an engineering controlled splice?

15 A. I don't know what the details are of how
16 one collocates. But these are all matters which are
17 subject to regulatory review, and they are certainly
18 approaches that are being used and are being advocated
19 as a way to provide access to unbundled elements.

20 Q. Do you know if Ameritech Illinois has
21 tariffed an engineering controlled splice here in
22 Illinois?

1 A. I really don't know.

2 Q. So how do you know that an engineering
3 controlled splice is a feasible method for a CLEC to
4 offer the services that they are seeking to offer here
5 in Illinois?

6 A. I said they have committed to provide it.
7 Whether in fact it is economic, I don't know. That is
8 certainly an alternative, though.

9 Q. You don't know if it's economic; you
10 don't know if it's operationally appropriate for a
11 CLEC to employ that type of measure?

12 A. Well, it's clear to me that some form of
13 collocation at the remote terminal has been viewed
14 widely, including I have seen statements from your own
15 client that suggests this is an alternative you are
16 seeking in other jurisdictions.

17 Q. We certainly are.

18 A. But if it's uneconomic, why are you
19 seeking it?

20 Q. Huh?

21 A. I said if it's uneconomic, I can't
22 understand why Sprint wants it.

1 Q. Well, that's a good question, in fact.

2 A. I judge that it must be economic in
3 certain circumstances. And there is no single case;
4 it depends, I suspect, on the density of the lines,
5 the size of the remote terminal space and so forth.

6 Q. Page 13 of your testimony you talk about
7 if Ameritech Illinois is required to unbundle these
8 facilities at prices that do not cover the additional
9 costs imposed by such requirements, there are risks
10 involved in deploying such facilities. To your
11 knowledge has the Commission established TELRIC rates
12 for the unbundled network elements that the CLECs are
13 seeking to offer here in this case?

14 A. No, but it's not necessary for my
15 statement. If in fact they do establish TELRIC rates,
16 TELRIC rates do not cover the additional cost.

17 Q. TELRIC rates are appropriately set and in
18 somebody's viewpoint could cover the additional costs
19 -- let me strike that question. Isn't TELRIC meant to
20 recover the long range incremental costs
21 forward-looking of the entity that is offering those
22 network elements?

1 A. Yes, and it would do so if the entity who
2 leased those elements entered into a contract for the
3 same length of period as the life of those assets. So
4 if your client is willing to sign a long term contract
5 for the length of life of the assets involved, then
6 TELRIC may be compensatory. But if it's not, then it
7 is getting what is called a free option and they are
8 not compensatory.

9 Q. So you are disagreeing with the FCC
10 methodology of establishing TELRIC as the methodology
11 by which ILECs can recover their costs?

12 A. Absolutely. And I would hope the courts
13 still reviewing this would come to the same conclusion
14 most economists have now come to.

15 Q. You have no understanding, however, that
16 the FCC has changed that decision, true?

17 A. Not to my knowledge.

18 Q. That the Illinois Commerce Commission has
19 not changed that decision, true?

20 A. I do not know what the Illinois Commerce
21 Commission is doing.

22 Q. In fact, the Illinois legislature passed

1 a law this year that established TELRIC as the
2 methodology in this state, is that not true?

3 MR. LIVINGSTON: I am going to object. That
4 mischaracterized the Act, and Mr. Schiffman knows that.

5 MR. SCHIFMAN: I will let the statute speak
6 for itself.

7 A. However, even if they have and that's the
8 result and the Supreme Court decides that it's
9 compensatory, then I suspect they may have to change
10 their mind.

11 MR. SCHIFMAN: I move to strike that
12 response. The question was withdrawn.

13 JUDGE WOODS: It will be stricken.

14 Q. Have you read the testimony, Dr.
15 Crandall, of Mr. Ireland that was filed in this case?

16 A. I may have looked at it early on. I must
17 admit that I have no recollection of it at this point.

18 Q. Are you aware that he testified that no
19 CLEC has signed a broadband -- no unaffiliated CLEC
20 has signed a broadband service agreement?

21 A. With?

22 Q. With Ameritech Illinois or any other SBC

1 ILEC?

2 A. I am not aware whether he said it, and I
3 don't know whether it is true.

4 Q. If he did say that, does that give you
5 any kind of indication about whether or not CLECs want
6 the broadband service as it's been offered by
7 Ameritech Illinois or any other SBC ILEC?

8 A. I think the only thing it would tell me
9 is one of the many costs of these extended regulatory
10 proceedings. Obviously, I would think that many CLECs
11 are awaiting the outcome of this proceeding before
12 they decide what to do. And this is one of the things
13 that is clearly delaying the deployment of facilities
14 that deliver a very valuable service.

15 Q. The fact that Project Pronto hasn't been
16 deployed is also delaying CLECs from being able to
17 offer a very valuable service too, is that correct?

18 A. I don't know that that is correct, and
19 whether the CLECs will be able to deliver a valuable
20 service using Project Pronto, but it's possible.

21 Q. But Ameritech Illinois will be able to --

22 MR. LIVINSTON: Did you finish your answer?

1 A. But it's also probably why Ameritech
2 can't deliver very well without Project Pronto either,
3 and the entire state suffers from this delay and the
4 result that Ameritech finds it not profitable to
5 deploy.

6 Q. I apologize for interrupting.

7 A. That's okay.

8 MR. SCHIFMAN: I have no further questions,
9 Dr. Crandall. Thank you.

10 JUDGE WOODS: Mr. Harvey?

11 CROSS EXAMINATION

12 BY MR. HARVEY:

13 Q. Just a few questions. I will stand, if
14 you don't mind.

15 A. Can I stay seated?

16 Q. Please do. My name is Matt Harvey. I
17 represent the Staff of the Illinois Commerce
18 Commission, and I just have a few questions for you
19 here. In all cases I refer specifically to passages
20 in your direct testimony.

21 Now, I am ascribing to you, based on your
22 testimony, a general understanding of DSL and how it

1 was developed and how it's been deployed, is that
2 fair?

3 A. That's fair, as long as you use general,
4 yes.

5 Q. I understand that you are not an engineer
6 and I thank you for not being one, because otherwise I
7 wouldn't presume to examine you. Now, would it be
8 fair to say that DSL technology is not new?

9 A. It's not new but it's not as yet a very
10 well-proven technology in a competitive marketplace
11 such as broadband.

12 Q. Fair enough. But you could agree with me
13 that it's been around at least theoretically
14 functional since about sometime in the 1980s, correct?

15 A. Apparently, the idea is the technology
16 per se has been around, yes. I don't know what
17 improvements have been made to make it more
18 commercially viable, but apparently the antecedents
19 have been around for some time, yes.

20 Q. And can you also agree with me that it
21 was first widely deployed by CLECs that were competing
22 with ILECs, is that fair?

1 A. You know, I don't know the answer to
2 that. It may be true, but I don't know who came first
3 in this.

4 Q. Okay, that's always a fair answer. If
5 you don't know, you don't know. Can I refer you,
6 please, to page -- and as a prefatory matter, you will
7 forgive me, I think that I printed this off the web so
8 we may have some disagreement with respect to
9 pagination.

10 A. Go ahead. We will find it.

11 Q. But if you would refer, please, to page
12 11 and 12 of your testimony, there is a -- starting
13 with the question "Why do you say that?"

14 A. Yes.

15 Q. Now, your testimony is that the
16 unbundling requirements imposed by this Commission in
17 the First Order in this case are, if I am quoting you
18 correctly, a very bad idea, is that fair?

19 A. Yes.

20 Q. And a couple of the reasons you cite for
21 that is the fact that, first of all, unbundling is
22 going to be costly for Ameritech Illinois, is that

1 correct?

2 A. There is evidence in the record that this
3 is going to add substantially to the cost of deploying
4 Project Pronto.

5 Q. Okay. And that you further say that
6 management of the technology is going to be a source
7 of friction here which will add additional costs and
8 difficulties, I assume, is that fair?

9 A. That's fair.

10 Q. Let us assume, Dr. Crandall, and just
11 bear with me, I realize this may not necessarily be a
12 real world assumption but I will ask you to suspend
13 your disbelief here. Assuming that Ameritech is
14 either not subject to these costs or can fully recover
15 them in some way, can you assume that for me?

16 A. Uh-huh, yes.

17 Q. And would you further assume that either
18 these disputes regarding the management of it will not
19 arise or that they will be easily and fairly
20 inexpensively mediated, would it still be your opinion
21 that the unbundling requirements imposed by the
22 Commission in the prior order would be a very bad

1 idea?

2 A. Could you define these disputes for me?

3 Q. The disputes --

4 A. The disputes that would arise over this
5 unbundling requirement?

6 Q. Yes, quite.

7 A. Then I still say it's a bad idea.

8 Q. Okay.

9 A. And can I explain why?

10 Q. Well, why don't you let Mr. Livingston
11 redirect you on that. That might be the best way to
12 do that, which I am confident that he will; he is
13 making a note on that now.

14 Let me, I am going to ask you with some
15 trepidation kind of one more question in this area and
16 I will ask you to then sort of retire to the rarified
17 atmosphere that I have always imagined to exist at the
18 Brookings Institution when you are talking to the
19 other economists. I imagine it's like a senior common
20 room at Oxford or something like that. And you are
21 discussing the FCC's general linesharing requirements.
22 Would it be your opinion, discussing the matter with

1 your fellow economists, that the FCC's general
2 linesharing requirements are a very bad idea?

3 MR. LIVINGSTON: I object, irrelevant.

4 MR. HARVEY: I don't think it is,
5 Mr. Examiner. He has discussed here FCC rules and the
6 1996 Act. He said why he doesn't believe this is
7 required by him. I am just trying to find out what he
8 really thinks about these requirements that he has
9 testified this particular order is not compelled by.

10 MR. LIVINGSTON: Your Honor, we are not
11 challenging the FCC's Linesharing Order and the
12 establishment of the HFPL as a UNE.

13 MR. HARVEY: We want his opinion. He's
14 offered an opinion on whether or not it violates the
15 law. I don't think it is unreasonable for us to ask
16 his opinion on the particular law in question.

17 JUDGE WOODS: Where is that?

18 MR. HARVEY: Refer please to, I want to say
19 page 11 but I may be incorrect about this. "Why do
20 you say that?" "I have several concerns with the
21 Commission action. This unbundling is not required
22 under SBC rules nor is it" --

1 JUDGE WOODS: You have got to go slower,
2 Mr. Harvey.

3 MR. HARVEY: I apologize to the ALJ and the
4 court reporter, not necessarily in that order.

5 JUDGE WOODS: What was the question?

6 MR. HARVEY: My question was basically this,
7 does Dr. Crandall believe that the general FCC policy
8 regarding linesharing, is that a very bad idea.

9 JUDGE WOODS: I don't see anything in here
10 that addresses Congress' wisdom in reaching a policy
11 decision. I see where he says it is not required by
12 the Act. But I don't see anything that addresses
13 Congress' wisdom in passing the Act or the FCC's
14 wisdom in reaching its unbundled or reaching its
15 decision on DSL or HFPL. So if you could point me to
16 something like that where he expresses an opinion on
17 the policy behind the enactment, I might let you
18 follow that line of questioning. But I don't see it.

19 MR. HARVEY: Well, I suggest that this is a
20 proceeding that has exclusively to do with issues
21 associated with linesharing. I suggest that he has
22 given us a great deal of testimony regarding general

1 policies underlying linesharing, and I think that I
2 ought to be afforded a certain amount of latitude in
3 asking an opinion witness what his opinion is
4 regarding linesharing.

5 JUDGE WOODS: Well, unfortunately, it has to
6 come within the scope of his testimony. Until you
7 point to me something in his testimony that expresses
8 his opinion on the unbundling obligations, it's just
9 outside the scope.

10 MR. HARVEY: All right. I will withdraw the
11 question and ask one more.

12 JUDGE WOODS: Thank you.

13 Q. If I could direct your attention, Dr.
14 Crandall, to page 13 in the exchange "Why do you
15 believe that unbundling of Project Pronto DSL
16 facilities will reduce incentives for innovation," are
17 you there yet, sir?

18 A. Yes.

19 Q. You indicate that Ameritech Illinois --
20 that one of the disadvantages of this is that
21 Ameritech Illinois will have to agree to the resale of
22 products and services that it introduces, but also it

1 will, and I quote, "face re-engineering of that
2 product or service by competitors." Now, by that you
3 mean re-engineering in the sense that competitors may
4 take the existing product or service, tweak it, make
5 new uses of the features and functionalities of the
6 product and service, and thereafter sell it to
7 customers, is that what you mean by that?

8 A. No, I mean that there will be a series of
9 proceedings like this one in which there are
10 challenges to the design of the incumbent's facilities
11 by the competitors on the grounds that it doesn't suit
12 their purposes. And my concern is that, by the way,
13 this is not the last of these proceedings. As soon as
14 this one is over, there will be something new that
15 will be brought before this Commission, arguing that
16 somehow Ameritech Illinois' facilities should be
17 changed even further to facilitate the offering of
18 some service by a competitor.

19 That sort of precedent and that
20 continuing set of regulations leads inevitably to what
21 Ameritech Illinois has done which is to suspend the
22 investment. They have lost control over their

1 investment. They are now subject to a regulatory
2 process in which they are constantly being forced to
3 change it, and they can't be assured that this rather
4 expensive investment which may have a short economic
5 life will ever pay back a return sufficient to cover
6 the cost of capital, and therefore satisfy their
7 fiduciary responsibilities to their investors.

8 Q. So it would be your testimony that the
9 problem is not with the sort of after-market
10 re-engineering but regulatory re-engineering, is that
11 your testimony?

12 A. It is the re-engineering that is forced
13 upon the incumbent, Ameritech Illinois, in order to
14 just deploy a network facility. That is what I think
15 is particularly pernicious about this.

16 Q. Well, thank you for your patience, Dr.
17 Crandall. I am inclined to agree with you that this
18 will not be the last of these proceedings that history
19 is going to see.

20 MR. SCHIFMAN: Your Honor --

21 MR. HARVEY: Nothing further.

22 JUDGE WOODS: Just a minute. I have got a

1 couple, and one of them I think is directly related to
2 what Mr. Harvey just commented.

3 EXAMINATION

4 BY JUDGE WOODS:

5 Q. In going through your -- and I just --
6 this is the first time I have seen the assessment of
7 the competitive, so I have just browsed it, to be
8 quite honest. And I do understand that you think
9 resale is a bad idea as a competitive strategy. But
10 when I go through the companies that you indicate
11 faltered and why, I think there is five or six of
12 them, the first one is ICG and when I look at your
13 description of an A.G. Edwards analyst, he says the
14 company put in all those lines and a lot of them must
15 not have been working. So it sounds like they weren't
16 pursuing resale.

17 And I go to CTC Communications and your
18 conclusion is that over-expansion is clearly the major
19 source of their problems, but another problem is
20 reliance on resale. So I guess in the case of CTC at
21 least there was a resale problem.

22 I go to Intelligent, the problem with them

1 according to you is they built their networks too
2 quickly. So I don't see a resale problem there.

3 The problem with Northpoint
4 Communications that you found is the internet bubble
5 burst, so the people that they were dealing with
6 started going broke and they couldn't pay their bills.

7 And I go to Focal Communications, and the
8 problem with them was a reliance on reciprocal
9 compensation.

10 A. And UNEs they relied on, Focal relied on.

11 Q. So you have got five and out of the five
12 only one had a resale problem and that was secondary
13 to its over-expansion. So I am a little confused. If
14 resale is a big bug-a-boo, then why didn't all of
15 these companies fail because of resale instead of most
16 of them who seem to have installed their own networks,
17 they just put them in too fast.

18 A. Well, keep in mind that the
19 characterization that resale is an unsuccessful
20 strategy was not the leading conclusion of this
21 report. It was that there are lots of reasons why
22 CLECs failed. And in a new business for which there

1 is no successful model, there are any number of
2 reasons why they should fail, and it should be
3 expected that a large number will fail.

4 The central conclusion, however, is that
5 those who have been the most successful are those who
6 have typically deployed their own facilities, and that
7 comes from a statistical analysis of a large number of
8 these. I forget the number. There were 49 or
9 something like that. So the central tendency of the
10 results was that using your own facilities was the
11 best strategy for converting assets into revenues.

12 Q. So one of the ways we could more likely
13 help a company along is by encouraging them to use
14 their own facilities, right, to the greatest extent
15 possible?

16 A. Well, I find that question -- that may be
17 true, but I am not sure that the role of the
18 regulatory commission ought to be to help companies
19 along. Presumably, the rhetoric of most of these
20 companies is in order to facility competition, and
21 there is a difference in providing whatever some
22 competitor says he wants in order to survive

1 regardless of his business plan and facilitating
2 competition. And I would argue with you there is lots
3 of competition in this market and you don't need to
4 bend over backwards to provide some sort of subsidy
5 from the incumbent to the CLEC.

6 Q. Unfortunately, we have been bent over
7 backwards by Congress and by our state legislature so
8 we have just got to find ourselves in this position
9 and try to make lemonade out of it.

10 A. I understand, but I think you are going
11 beyond what the FCC did when it suggested that at one
12 point you should not be unbundling some of these
13 advanced services such as DSLAMs and packet switches.

14 Q. I understand that. And then the other
15 thing I don't see in any of these descriptions of the
16 companies that have failed is the amount of time they
17 had to spend in litigation to get to the point that
18 they did because the resident ILECs were recalcitrant
19 in providing them the services that they wanted. Did
20 you consider that in any of these companies?

21 A. No, I have not and there have, of course,
22 been lots of complaints. But one of the interesting

1 things about these complaints is they have never been
2 documented with those numbers. Were these
3 expenditures and these delays that important in
4 explaining their lack of success, I would have thought
5 someone would have quantified it. For instance, I
6 have seen the chairman of McLeod come to Washington to
7 complain about this. But he is using principally a
8 resale strategy of Centrex servicing the Midwest and
9 he seems to be doing pretty well with it. I am not
10 sure it's the recalcitrance of the ILECs that is
11 involved here.

12 Q. Maybe some day we can sit down and you
13 can go through my log and see where I have been for
14 the last three years, and it might change your opinion
15 somewhat.

16 A. I would like to see some quantification
17 of it. We economists live on evidence and
18 quantification.

19 MR. SCHIFMAN: Your Honor, I did not move
20 Sprint Rehearing Crandall Cross Exhibit 1.0 into the
21 record. I would like to do so at this time.

22 JUDGE WOODS: Any objection?

1 MR. LIVINGSTON: No objection.

2 JUDGE WOODS: Document is admitted without
3 objection.

4 (Whereupon Sprint Rehearing
5 Crandall Cross Exhibit 1.0
6 was admitted into evidence.)

7 Redirect?

8 MR. LIVINGSTON: No redirect.

9 JUDGE WOODS: Thank you, Dr. Crandall.

10 (Witness excused.)

11 JUDGE WOODS: Off the record.

12 (Whereupon there was then had
13 an off-the-record
14 discussion.)

15 MR. BINNIG: Thank you, Your Honor.

16 Ameritech Illinois would call as its next witness Dr.
17 Niel Ransom. Dr. Ransom, for purposes of introduction
18 of his testimony and cross examination is going to be
19 represented by counsel for Alcatel, Ms. Mann-Stadt.

20 JUDGE WOODS: Ms. Mann-Stadt.

21

22

1 DR. NIEL RANSOM

2 called as a Witness on behalf of Ameritech Illinois,
3 having been first duly sworn, was examined and
4 testified as follows:

5 DIRECT EXAMINATION

6 BY MS. MANN-STADT:

7 Q. Dr. Ransom, for the record please state
8 your name, title and business address.

9 A. My name is Niel Ransom. I am the Chief
10 Technology Officer for Alcatel USA. I have two
11 business addresses. Plano Parkway in Plano, Texas, is
12 my main address.

13 Q. That will suffice. Dr. Ransom, have you
14 submitted prefiled direct testimony in this case?

15 A. Yes, I have.

16 Q. Do you have that testimony before you?

17 A. Yes, I do.

18 Q. And we will mark it as Ameritech Ransom
19 On Rehearing Exhibit Number 3.

20 (Whereupon Ameritech Ransom
21 Rehearing Exhibit 3 was
22 marked for purposes of

1 identification as of this
2 date.)

3 And does that consist of 12 pages and
4 Schedules NR-1 and NR-2 attached?

5 A. Yes, it does.

6 Q. And, I am sorry, what we have just
7 described as 12 pages and two schedules, that does
8 consist of your direct testimony in this case?

9 A. Yes, it does.

10 Q. Okay. And was your direct testimony
11 prepared by you or under your direction?

12 A. Yes, it was.

13 Q. Do you have any corrections, additions or
14 deletions that you would like to make to Ameritech
15 Ransom Rehearing Exhibit 3.0?

16 A. No, I do not.

17 Q. If I were to ask you the same questions
18 that are set forth in your direct testimony today,
19 would your answers be the same?

20 A. Yes.

21 Q. Did you also submit in this case prefiled
22 rebuttal testimony?

1 A. Yes, I did.

2 Q. And we will mark that for identification
3 as Ameritech Ransom Rehearing Exhibit 3.1.

4 (Whereupon Ameritech Ransom
5 Rehearing Exhibit 3.1 was
6 marked for purposes of
7 identification as of this
8 date.)

9 And does it consist of seven pages?

10 A. Yes, it does.

11 Q. And what you have before you that
12 contains seven pages and I described it as being
13 marked as Exhibit 3.1, does that consist of your
14 rebuttal testimony in this proceeding?

15 A. Yes, it does.

16 Q. And was that rebuttal testimony prepared
17 by you or under your supervision or direction?

18 A. Yes, it was.

19 Q. Are there any corrections, deletions or
20 additions you would like to make to this exhibit?

21 A. No.

22 Q. If I were to ask you the same questions

1 today that are set forth in Ameritech Ransom Rehearing
2 Exhibit 3.1, would your answers be the same?

3 A. Yes.

4 MS. MANN-STADT: Your Honor, I move to admit
5 Ameritech Ransom Rehearing Exhibits 3.0, Schedules
6 NR-1, NR-2, and Exhibit 3.1, and tender the witness
7 for cross examination.

8 JUDGE WOODS: Objections? Documents are
9 admitted without objection.

10 (Whereupon Ameritech Ransom
11 Rehearing Exhibits 3.0 and
12 3.1 were admitted into
13 evidence.)

14 The witness is available for cross.

15 Mr. Bowen?

16 MR. BOWEN: Thank you, Your Honor.

17 CROSS EXAMINATION

18 BY MR. BOWEN:

19 Q. Hello, Dr. Ransom, nice to see you again.

20 I am Steve Bowen. I am counsel for Rhythms and I will
21 have a few questions for you this afternoon. Part of
22 this will be on open record and per, I think, Alcatel

1 and Alcatel counsel's instructions some of the
2 documents I want to discuss with you and some of the
3 concepts that feed off those documents we will have to
4 go into closed record for. So I would like you to try
5 and insofar as you can answer publicly. We can fill
6 in some details on the closed record. We will try to
7 keep the two segments separate if we can. That's my
8 goal at least.

9 All right. Let me ask you first of all,
10 do you normally testify in state UC proceedings?

11 A. No, I do not.

12 Q. Have you ever before?

13 A. No, I have not.

14 Q. I take it that you view your main job or
15 your only job as being the chief technologist for
16 Alcatel, is that fair?

17 A. That is my source of employment as chief
18 technologist, Chief Technology Officer for Alcatel
19 USA.

20 Q. Is it fair to say that Alcatel is in the
21 business of selling lots of stuff to lots of people?

22 A. Could you state that in other terms?

1 That may be argumentative.

2 Q. You are a lawyer, too. I am not trying
3 to argue. I am trying to understand. Isn't it the
4 case that Alcatel is, what, a \$30 million
5 international corporation?

6 A. Yes, our sales is about that.

7 Q. And I take it that you view your personal
8 goal to be aligned with the company's goal of
9 maximizing shareholder value?

10 A. That is correct.

11 Q. And how do you do that? Do you sell lots
12 of products to lots of people who want to buy them?

13 A. We sell as much products as we can to the
14 markets that we target.

15 Q. Okay. And --

16 A. Let me just -- because if that's -- we
17 are not in the retail business particularly. We sell
18 to a fairly narrow market of network operators, as
19 opposed to the mass market.

20 Q. Fair enough. So Alcatel doesn't view
21 itself as being a telecommunications carrier, is that
22 fair?

1 A. That is correct.

2 Q. You supply equipment to carriers, is that
3 fair?

4 A. That is correct.

5 Q. Am I right that in the United States you
6 sell equipment to most or all of the incumbent local
7 exchange carriers?

8 A. That is correct.

9 Q. And do you also sell equipment to what in
10 regulatory terms are known as non-dominant carriers,
11 that is long distance carriers, competitive local
12 carriers and so forth?

13 A. Yes, we do.

14 Q. And does Alcatel at a general level, does
15 it favor one of those market segments over another?

16 A. Not particularly.

17 Q. Okay. So in terms of the business
18 objectives, would you agree that Alcatel wants to
19 satisfy the express needs of, not just ILECs, but of
20 CLECs?

21 A. That is very true.

22 Q. But you are not here testifying for

1 CLECs, are you? You are being sponsored by Ameritech
2 Illinois?

3 A. I guess I am confused by the question.
4 What does sponsored mean?

5 Q. That means they asked you to testify and
6 they filed your testimony, as opposed to Rhythms
7 asking you to testify and file your testimony?

8 A. Yes, I was called to testify by SBC.

9 Q. Okay. And can you tell me more about
10 that? When were you first contacted to testify by
11 SBC?

12 A. The head of regulatory matters, that is
13 government relations for Alcatel, had contacted me and
14 indicated that, because of the rulings in Illinois,
15 that perhaps Alcatel would want to say something about
16 that, and that SBC had asked whether Alcatel was
17 interested in entering any testimony in that area. So
18 I discussed that with our head of government relations
19 and concluded that it would be useful and in Alcatel's
20 own interest to enter in testimony.

21 Q. And which interest in particular did you
22 identify vis-a-vis Alcatel?

1 A. It seemed that some of the rulings would
2 require Ameritech Illinois to do certain things with
3 our product that the product was not capable of doing
4 or might require Alcatel to surrender certain
5 intellectual property that Alcatel was not willing to
6 do so.

7 Q. Okay. If I can put that more concretely,
8 is it true that you were concerned about the ICC's
9 order on line card ownership and collocation?

10 A. That is correct.

11 Q. And was that the sole triggering event
12 that caused you to begin to become involved?

13 A. Yes.

14 Q. You want to protect your RP, right?

15 A. That is correct. And other matters such
16 as being able that our product can serve this market.

17 Q. I am sorry?

18 A. Wanting to make sure that our product is
19 capable of serving the market for telecommunication
20 products by carriers in Illinois.

21 Q. And by that do you mean that if some
22 other manufacturer's cards were jammed into your

1 Litespan, that they would break the Litespan and
2 wouldn't work?

3 A. No, I meant more broadly. If in order to
4 satisfy certain ICC rules in Illinois, that products
5 had to be able to function in certain ways that would
6 meet the needs of carriers and if our products were
7 incapable of doing so, that that would certainly hurt
8 our sales to carriers in Illinois.

9 Q. Okay. So how is it that you particularly
10 were chosen to testify? Did you volunteer? Were you
11 volunteered by someone?

12 A. No. I made those choices for myself. I
13 was familiar with some of the FCC matters dealing with
14 ADSL and linesharing and collocation based on
15 participation at various FCC workshops. And because
16 of my own background having worked for Bell South for
17 a period of time, I was perhaps the most knowledgeable
18 person in the company on this. So I was asked whether
19 or not Alcatel should participate, which is a policy
20 matter that I would make. And then I was asked who
21 that person should be, and I decided to call my own
22 number in this instance.

1 Q. Fair enough. And is that because the
2 issue was so technically complex that, one, you could
3 handle it or because it was important to the company,
4 important enough to the company, that you thought you
5 should volunteer yourself?

6 A. I thought that I should volunteer myself
7 for two reasons, because I thought I was most informed
8 within Alcatel of the issues involved and because it
9 was very important to Alcatel.

10 Q. And, again, it was important because of
11 your concerns about the line card ownership and
12 collocation interest, right, and the other issue you
13 mentioned about the platform working as planned?

14 A. That's correct.

15 Q. Now, is SBC or Ameritech reimbursing you
16 for your testimony?

17 A. No, they are not.

18 Q. Are they reimbursing travel expenses?

19 A. No, they are not.

20 Q. So this is on Alcatel's nickel?

21 A. That's correct .

22 Q. Now, if Rhythms wanted you to testify in

1 a proceeding like this, I don't want to ask you if you
2 would, I want to ask you if you could. That is do you
3 have any constraints on your testimony on behalf of
4 CLECs?

5 A. No, I have no constraints.

6 Q. Now, if Rhythms wanted you to testify in
7 favor of CLEC ownership of the line cards and line
8 card collocation, again not would you, but could you,
9 do you have any constraints that would prevent you
10 from doing that if you chose to do so?

11 A. I have certain fiduciary responsibilities
12 to Alcatel that might constrain me from testifying in
13 ways harmful to my company.

14 Q. Okay. Could one of those ways that could
15 be harmful to your company involve a contract for the
16 Litespan platform between Alcatel and SBC?

17 A. No, there is nothing in the agreements
18 that we have in selling product to SBC for Litespan
19 that precludes me from taking any public positions.

20 Q. Even those that would be deemed adverse
21 to SBC's positions?

22 A. No, there is nothing in any agreements

1 that we have with SBC that would prevent me from
2 taking positions adverse to SBC.

3 Q. Okay. And are you aware that there is a
4 contract for the Litespan platform associated
5 equipment between SBC and Alcatel that is currently in
6 effect?

7 A. Yes, I am.

8 Q. And that covers Illinois as well, does it
9 not?

10 A. Yes, it does.

11 Q. Have you read Section 4.1 of that
12 contract?

13 A. I don't know what Section 4.1 is, so I
14 don't know.

15 Q. I will show that to you on the closed
16 portion of the record because it's been produced to us
17 pursuant to the non-disclosure agreement in this case.

18 Okay. Could you pick up, please, your
19 direct testimony with me and look at page 1 of that
20 towards the bottom? On line 28 you say, I am quote
21 you here, "Alcatel has been chosen as the primary
22 vendor for the NGDLC systems that Ameritech Illinois

1 planned to deploy in Illinois." Do you see that?

2 A. Yes, I do.

3 Q. Now, am I right that Alcatel has been
4 chosen by SBC to be the primary vendor of NGDLC
5 systems throughout the 13-state SBC region?

6 A. That is correct.

7 Q. And when you say primary, I take it that
8 that admits the possibility of a second or third
9 vendor, is that right?

10 A. Yes, that's correct.

11 Q. Do you know who else is a secondary or
12 tertiary vendor?

13 A. I believe that AFC also provides product
14 to SBC.

15 Q. That's Advanced Fiber Communications?

16 A. That's correct.

17 Q. And is their product the UMC 1000?

18 A. Yes, it is.

19 Q. Do you know whether or not in Illinois
20 any AFC UMC 1000s have been actually deployed?

21 A. No, I do not.

22 Q. Do you know whether in Illinois any

1 Litespan 2000 or 2012 have been deployed?

2 A. Yes, I know whether our product has been
3 deployed here and it hasn't.

4 Q. Do you know whether or not anywhere in
5 the 13-state region any AFC UMC 1000s have been
6 deployed?

7 A. Yes, I know that indirectly, but I don't
8 have a direct knowledge of any specific volume or
9 areas.

10 Q. You don't know what regions or what
11 states they have been deployed in?

12 A. No.

13 Q. Now, is it also correct that Alcatel is a
14 primary or secondary vendor in other ILEC territories,
15 in particular Verizon?

16 A. I guess I do know.

17 Q. And are you in contract with Verizon to
18 supply to them a Project Pronto like Litespan
19 platform, meaning an NGDLC with Release 10.1 or above?

20 A. We are in contract to supply them with a
21 Litespan product with Release 10.1 or above. Whether
22 I would call that a Project Pronto like Litespan

1 platform is argumentative.

2 Q. That's why I continued the question to
3 when I did. All right. Are you the primary vendor of
4 NGDLC equipment in the Verizon territory?

5 A. Yes, we are.

6 Q. Well, let's not leave out Bell South.
7 What about them? Are you the primary vendor of NGDLC
8 systems in Bell South?

9 A. No, we are not.

10 Q. Who else is primary?

11 A. Marconi.

12 Q. Are you a secondary vendor?

13 A. Yes, we are.

14 Q. How about Qwest? Are you the primary
15 vendor there?

16 A. No, we are just one of the vendors there.

17 Q. Are you second in the food chain in Qwest
18 territory?

19 A. I am not certain where we are.

20 Q. Do you supply product in the Qwest
21 region?

22 A. Yes, we do.

1 Q. NGDLC product?

2 A. Yes, we do.

3 Q. All right. Now, you have incorporated by
4 reference -- and that's a lawyer term, I know you know
5 that -- two of the FCC filings that Alcatel was part
6 of?

7 A. Yes, I have.

8 Q. And then you reference those filings on
9 page 2 and you talk about what you call foreign or
10 non-authorized line cards, do you see that, on lines
11 22 and 23?

12 A. Yes, I see that.

13 Q. Okay. Is it technically possible for a
14 CLEC like Rhythms to own one of the Alcatel Litespan
15 cards like say the ADLU card?

16 A. Excuse me, would you repeat that?

17 Q. Sure. I said is it technically possible
18 for a CLEC like Rhythms to own one of the Litespan
19 plug-in cards like say the ADLU card?

20 A. They certainly could own one of the
21 cards. What effect that might have and what is meant
22 by technically possible, I wasn't too sure.

1 Q. What I meant was, will you sell Rhythms
2 an ADLU card?

3 A. Absolutely.

4 Q. Okay. Now, you go on in recapping your
5 FCC filings at the bottom of page 2, top of page 3,
6 and you recap the assertions that you made in those
7 filings about why it's not feasible to install other
8 manufacturer's line cards, by which I mean non-Alcatel
9 manufactured or licensed line cards in your NGDLC,
10 don't you?

11 A. Yes, I do.

12 Q. Now, if Rhythms buys an ADLU line card
13 for the Litespan from Alcatel, is there any technical
14 reason why it can't be plugged into Ameritech's
15 Litespan 2000 equipment?

16 A. I am still not sure what is technically
17 possible. It is certainly possible to plug in that
18 card.

19 Q. And will it work correctly?

20 A. It depends on what one intends for it to
21 do. If you would simply plug in the card, it may not
22 do anything unless you had control of the rest of the

1 system and could enable various functions on that
2 card.

3 Q. Please don't assume anything more than my
4 question asks, Doctor, or we will be here a long time
5 otherwise. I will step through, but I just want to
6 know if we buy a card from you and we plug it in, it
7 will work, will it not? That is, the mere fact of our
8 ownership doesn't somehow break the functionality of
9 the card?

10 MS. MANN-STADT: Your Honor, asked and
11 answered. He said that it would work.

12 JUDGE WOODS: I don't think he did. I think
13 he said it will work with some conditions.

14 THE WITNESS: Yes. And I will repeat that it
15 would work with some conditions.

16 Q. Well, let me phrase it directly. The
17 mere fact that Rhythms owns the card instead of
18 Ameritech doesn't change in any way its functionality
19 or ability to operate, is that right?

20 A. Well, I don't want to seem obstinate
21 here, but when we say ownership, that implies certain
22 rights and controls. I am not sure what you mean by

1 that. But if you mean in the trivial sense of who
2 holds title in some way, if it gives them no other
3 rights other than just title, I suppose it would
4 certainly work.

5 Q. Well, you said you were willing to sell
6 Rhythms a line card. Do we also have to sign a
7 license agreement with you?

8 A. The line card of Alcatel in order to
9 operate has to have software which is downloaded into
10 that line card, and we sell to the owners of the
11 Litespan system a license agreement to use the
12 software and to download certain software that
13 executes on the card. If you only own the card, I am
14 not sure what you can do with that card. You have
15 nothing but a card.

16 Q. I am quite aware of that, Dr. Ransom. I
17 want you to -- you said you would sell me one. Let's
18 assume that you have done that. You have sold Rhythms
19 a line card. In order to use that card do I have to
20 do anything else vis-a-vis Alcatel and vis-a-vis your
21 intellectual property claims to be able to use that?
22 Do I have to sign a license agreement with Alcatel?

1 A. Potentially, yes.

2 Q. Let's assume that Rhythms is willing to
3 do that. So now I have got a card, I have signed
4 whatever license agreement you want me to sign, all
5 right, can you assume those two things with me?

6 A. And you would sign whatever one that I
7 want you to sign?

8 Q. Well, hypothetically speaking, I imagine
9 we would negotiate a little bit. Assuming we reach
10 agreement on a licensing agreement that both parties
11 sign, so I have got a card, I have got an executed
12 license agreement. Now, is there, given those two
13 assumptions, is there anything that you can think of
14 that would preclude that card from working if plugged
15 into a deployed Ameritech Litespan system?

16 A. Yes, I can think of things that might
17 prevent it from working. If you had, for instance, no
18 control over the Litespan system itself in order to go
19 in and enable the functions of the card, it certainly
20 wouldn't work.

21 Q. All right. If we could somehow convince
22 Ameritech to do what you just said, would it work?

1 A. Yes.

2 Q. Okay. All right. Towards the bottom of
3 page 3 now, above that point it seems to me you are
4 talking about what your concerns were as you expressed
5 them, your reasons for getting involved in the case.
6 That is, you read the ICC order as possibly allowing
7 somebody else to build cards for your systems and the
8 effect you identified as being negative. Now you are
9 here on page 3, line 21, you have moved in response to
10 Question Number 3 as follows, "Would CLEC ownership of
11 line cards cause any other problems," do you see
12 that?

13 A. Yes, I do.

14 Q. And here you reiterate the other
15 manufacturer's line cards but the next point you get
16 to is that you say that the channel bank assemblies or
17 CBAs in a remote terminal are cabled directly to
18 cable binder groups serving individual SAIs, do you
19 see that?

20 A. Yes, I do.

21 Q. SAI means serving area interface, is that
22 right?

1 A. That's correct.

2 Q. And you use that term in your testimony
3 to mean the cross connect point between what has been
4 known recently as feeder plant and distribution plant,
5 is that right?

6 A. That's correct.

7 Q. Well, let's talk about -- this is what's
8 coming on as hard wiring, is that right, cabling
9 directly to cable binder groups serving individual
10 SAIs?

11 A. Sometimes it's referred to as that.

12 Q. The first point you make here in lines 1
13 to 3, given this cabling -- let me back up. Is what
14 you are saying here is that if you look at a card slot
15 and the copper pairs that serve that card, that one
16 card slot, your point here is that whatever number
17 there are that serve that card slot, all go to the
18 same SAI?

19 A. It is true that they all go to the same
20 SAI.

21 Q. And that's an engineering choice that the
22 ILEC would make, is that right?

1 A. That feature is part of the design of the
2 product.

3 Q. Well, Alcatel does not require its
4 licensees to do that, does it?

5 A. No, we do not.

6 Q. That's an ILEC choice of in their view a
7 smart way to deploy the copper facilities that serve
8 that NGDLC, isn't that right?

9 A. Alcatel configures its products and sells
10 certain standard configurations. The description here
11 of these hard-wired connections is in fact the
12 standard configuration. So if they would deploy that
13 standard configuration, it would work in that way.
14 Potentially, they could order other kinds of
15 configurations.

16 Q. I am sorry. My question is not clear. I
17 don't want to talk about the hard wiring. I want to
18 talk about which copper feeder pairs terminate on
19 which card slots. Do you understand what I am saying?

20 A. Yes.

21 Q. And your base assumption and in fact the
22 base configuration in Ameritech and elsewhere is that,

1 take a quad slot, a quad POTS card, you make those,
2 right?

3 A. Yes, we do.

4 Q. And the standard configuration is a
5 four-port POTS capable card slot, right?

6 A. That's correct.

7 Q. And that's four pairs that terminate on
8 the right side of the card slot, right?

9 A. That's correct.

10 Q. Now, when those four pairs -- I want you
11 to trace with me the wires that come from that card
12 slot going out towards the customer premises, okay.
13 Those go first where, to a protector?

14 A. That is correct.

15 Q. And then where do they go from there?
16 What's that do?

17 A. It prevents any harm to the equipment
18 that over voltages such as lightning and just voltages
19 might cause to the equipment. Also protects a
20 craftman that may be working on the equipment.

21 Q. And that's a common thing you do when you
22 bring in copper pairs from the outside plant, isn't

1 it?

2 A. That's correct.

3 Q. So the tails from the card slot go to the
4 protector blocks, right?

5 A. That's correct.

6 Q. And it's just a row of protectors, right?

7 A. That's correct.

8 Q. And then what happens? What do you look
9 to that same row of protectors -- is that the outside
10 plant facilities?

11 A. That's correct.

12 Q. And those are hardware in the sense that
13 there is no cross connect field; they just come right
14 in and are terminated into one of the protectors,
15 right?

16 A. That's correct.

17 Q. You can terminate any copper feeder pair
18 to any protector technically, can't you?

19 A. Technically, although we have designed
20 these so that they are block connectors, and the
21 standard wiring of feeder cable is to terminate the
22 various binder groups on these block connectors.

1 Q. What you mean is 25 pairs at a time,
2 right?

3 A. That's correct.

4 Q. All right. Just so we are clear, there
5 is no technical reason that you are aware of why you
6 couldn't, instead of bringing feeder pairs into the
7 25-pair connections to the protectors, why you
8 couldn't bring the feeder pairs into a cross connect
9 field and from there, from the opposite side of the
10 cross connect field do the same thing you are doing
11 via hard wiring now, is that right?

12 A. That is correct.

13 Q. So that's an ILEC choice of how to
14 configure the copper serving facilities behind your
15 NGDLC, isn't that right?

16 A. It's mostly correct. It is perhaps more
17 correct to note that we sell a cabinetized part of our
18 system that a standard configuration would not have
19 room for such a cross connect. But were it
20 configured, say, external to our cabinet, then that
21 would certainly be possible.

22 Q. But you don't restrict your licensee's

1 use of CEVs or Huts, do you?

2 A. No, we do not.

3 Q. And don't you have Litespan 2000s and
4 2012s installed right now in CEVs and Huts?

5 A. Yes, we do.

6 Q. And those are larger than the Litespan
7 2016 cabinet, for example?

8 A. Yes, they are.

9 Q. And there is space in there for a cross
10 connect field, right? Well, there can be?

11 A. There can be.

12 Q. The Litespan 2016, just for the record,
13 is a cabinet number, not a Litespan NGDLC number?

14 A. That is correct.

15 Q. And its maximum capacity is nine channel
16 bank assemblies?

17 A. That is correct.

18 Q. And you said there is no room in there
19 for any significant placement of anything besides the
20 normally configured NGDLC in supporting equipment,
21 right?

22 A. Yes, they are sometimes referred to as

1 shrink wrapped cabinets and that we designed it to
2 exactly fit the equipment it was housing.

3 Q. And you have a cabinet that has doors on
4 both sides, right?

5 A. That's correct.

6 Q. And it has nine channel bank assemblies
7 and the common control assemblies within both of those
8 two sides accessible?

9 A. That is its maximum capacity.

10 Q. And within that cabinet are also the
11 splices you talked about as well as battery back-up
12 and so forth?

13 A. That is correct.

14 Q. And it sits on a concrete pad, right?

15 A. Typically, yes.

16 Q. But just so we are clear, you wouldn't --
17 Alcatel does not refuse to support a configuration
18 that would have a cross connect field that sat either
19 within a CEV or Hut if there were space or outside the
20 Litespan 2016, does it? You will support deployment
21 in that configuration?

22 A. Yes, we will support deployments in that

1 configuration.

2 Q. So, therefore, am I correct that you
3 would agree that there is no technical reason why
4 Ameritech Illinois or anybody else must hard wire
5 feeder pairs directly into the protector blocks of a
6 Litespan 2000 unit?

7 A. For a newly deployed system they would
8 have the choice of deploying other configurations.

9 Q. If they wanted to retrofit, they could,
10 but it would be a service outage, right?

11 A. If by retrofit you are including breaking
12 the cable and putting in some extra cross connects,
13 yes, that would cause a service outage.

14 Q. But it could be done technically,
15 although it would involve a service outage, correct?

16 A. That's correct.

17 Q. Now, you don't have to cross connect
18 every -- if you chose to do this, that is to instead
19 of hard wiring feeder pairs into the protector block
20 of the Litespan equipment, you wouldn't have to cross
21 connect all the pairs, would you, as you could choose
22 to cross connect some of the pairs?

1 A. You could cross connect some of the
2 pairs, that's correct.

3 Q. For example, you could choose to cross
4 connect, say, one, two, three or four binder groups of
5 25 per SAI and leave the rest hard wired, right?

6 A. That is correct.

7 Q. Do you know whether or not SBC ever
8 considered or evaluated such a partial cross connect
9 solution in deploying Project Pronto, that is a
10 solution which would have a cross connect field at the
11 RT either within the CEV Hut or next to the Litespan
12 cabinet where one, two, three, four binder groups
13 would be cross connected rather than hard wired?

14 A. I have never heard of any discussion of
15 any such configuration.

16 Q. Do you know whether or not SBC considered
17 or evaluated a full cross connect solution, meaning
18 all the pairs coming into the RT would be cross
19 connected at or near the RT?

20 A. No, I have heard no such discussion.

21 Q. I take it then that you wouldn't have
22 advised or assisted SBC in that kind of evaluation?

1 A. Let me perhaps correct my previous
2 answer. In some of the FCC workshops some of the
3 ILECs as some of the CLECs have proposed such a thing.
4 SBC was present and did speak against that alternate.

5 Q. Okay. I appreciate that clarification.
6 That still wouldn't qualify you in my mind as advising
7 or assisting SBC, but I thank you for the
8 clarification.

9 All right. Now let's talk about lines 3
10 to 5 where you talk about individual card ownership
11 and what you say are significant inefficiencies, do
12 you see that?

13 A. Yes, I do.

14 Q. Do I take your point here to be that if
15 Rhythms owned a line card, if we didn't have -- let's
16 assume for this question's purpose that all of the
17 pairs on that card slot are wired to one SAI. That's
18 the configuration you are most familiar with, right?

19 A. Yes, it is.

20 Q. Now, right now am I correct that all of
21 the card slots in all whatever number of CBA's are
22 there have the same basic wiring, that is they have

1 four pairs on the right side and two pairs on the left
2 side of the card slot?

3 A. Yes, that's correct.

4 Q. So you can plug any card into any channel
5 bank assembly slot, assuming other conditions are
6 satisfied, that is all the slots support all the cards
7 you make?

8 A. That is correct, in today's
9 configuration.

10 Q. I understand about heat dissipation and
11 ADSL, PDFA's, everything else, we will get to that.
12 But just the basic wiring to the back of the card slot
13 is universal, is that right?

14 A. In today's system.

15 Q. So if -- and right now, I think,
16 throughout SBC they are deploying what are known as
17 dual ADLU cards, that is two ADSL services per card,
18 is that right?

19 A. Would you repeat the question?

20 Q. Dual ADLU card?

21 A. Oh, that part I understood, the first
22 part.

1 Q. Two DSL services per card?

2 A. Back up. I thought you said SBC
3 throughout their service territory.

4 Q. Yes.

5 A. No, I don't believe that they are
6 deploying those in Illinois.

7 Q. Fine. Wherever they are deploying those
8 in the 13 states, they have been using the dual card,
9 right?

10 A. That 's correct.

11 Q. And you now have a quad card available,
12 is that right?

13 A. No, we do not.

14 Q. Soon. You will soon have a quad card
15 available, is that right?

16 A. It is part of our so-called -- we will
17 have a -- we are developing a quad card as part of
18 Release 11 which is still in development, and we hope
19 to soon be able to turn that into customer testing.
20 And then, assuming the development and the customer
21 testing intervals go well, then that card will be
22 available. And I hope that is soon.

1 Q. Now, I must have misunderstood. I
2 thought that you had already sent quad cards to TRI
3 for testing and evaluation, is that not right?

4 A. If we did, they are pre-release versions.
5 I don't know. We sometimes send for lab tests of
6 products before they are finished developing. That
7 may be the case here. I don't know.

8 Q. When do you expect the release version of
9 the cards to be available for client testing?

10 A. We hope to be able to ship a release
11 version for the beginning of client testing at the end
12 of August.

13 Q. And I know this will vary somewhat, but
14 you have experience in this field I know. Assuming
15 that the testing goes relatively smoothly, give us an
16 idea of when, once the card is received for testing,
17 you would expect a company like SBC to approve for
18 deployment?

19 A. Well, it certainly varies and sometimes I
20 am surprised by how long. In this case I would
21 personally estimate about four to six months.

22 Q. Okay. So perhaps by the end of the year

1 we might expect to have SBC complete its testing and
2 approve it for deployment, these quad cards, is that
3 fair?

4 A. Yes.

5 Q. Well, this is a case that's going to be
6 in place for longer than that, so let's assume the
7 quad card is there right now. In fact, that
8 exacerbates your express concern about spare capacity
9 inefficiencies, right, moving from a dual to a quad?

10 A. Well, I don't know. It potentially could
11 exacerbate the problem.

12 Q. Well, I take your point here to be on
13 line 3 to 5 that if we own a card and we only have one
14 customer at that SAI, that on a dual card we are
15 leaving one port unused basically, isn't that your
16 concern?

17 A. Yes, that's part of the concern, yes.

18 Q. And if we have a quad card and we have
19 one customer, we leave three ports unused, right?

20 A. That's part of the concern, yes.

21 Q. Is that what you mean by what you
22 characterize as significant inefficiencies?

1 A. Partially so.

2 Q. Just in that one sentence?

3 A. Just one sentence?

4 Q. Yeah.

5 A. No, it was only partially so. It was
6 that problem and then the understanding that I had
7 that some of the CLECs might want to install several
8 cards at once.

9 Q. Oh, okay, I understand. That's something
10 that Ameritech would never do, is that what you are
11 saying?

12 A. No, but --

13 Q. Install several cards at once?

14 A. When Ameritech does it, the cards that
15 are all installed at once has an inefficiency. That
16 is correct, all of these inefficiencies are certainly
17 true when Ameritech installs this. It's just my
18 concern here was when Ameritech and three others
19 installed it, then it's multiplicative in its
20 inefficiency.

21 Q. Well, I guess one of my questions is why
22 do you care? Why does Alcatel care whether or not

1 Ameritech is being inefficient or CLECs are being
2 inefficient or they are all being inefficient
3 together? Why does Alcatel care?

4 A. The question put for me was would it
5 cause problems, and I described one of the problems it
6 would cause. Is your question to me whether we care?

7 Q. Right. Is that an Alcatel concern or
8 not? Or is that really an Ameritech concern?

9 A. I would assume that Ameritech and the
10 CLECs would be of concern to additional costs. I
11 suppose Alcatel is always concerned if the deployment
12 cost of one of our system goes up, not because our
13 price goes up, just because the way it's used causes
14 it to be more expensive to our customer than with a
15 supply demand curve, we suppose they would buy fewer.

16 Q. Fewer of them period or fewer of them
17 from you?

18 A. The primary competitor to deployment of
19 NGDLC has often been just to leave the copper pairs in
20 place. So that would be the more likely alternative.
21 I suppose if some manufacturer that I don't know of
22 has something that wouldn't have this inefficiency

1 characteristic, then I suppose it might favor them to
2 us. But as near as I can tell, this would impact all
3 manufacturers equally.

4 Q. Okay, fair enough. And if the choice is
5 not deploying NGDLC and if SBC has decided as a
6 business to deploy Project Pronto, you would have to
7 stop Project Pronto deployment as the alternative to
8 this inefficiency you are identifying, right?

9 A. If it were more expensive to deploy our
10 product, I presume they would deploy less of it. I
11 don't necessarily presume that they would deploy zero
12 of it. It certainly would mean that Project Pronto
13 would be available to a smaller fraction of customers.
14 Whether this would cause them to stop it altogether
15 would depend upon the total costs and other business
16 factors that they would have.

17 Q. All right. But that concern only is a
18 real concern if the particular NGDLC that you are
19 examining has adequate capacity, isn't that fair?
20 Card slot capacity, I mean.

21 A. It is principally a problem of running
22 out of slot capacity at such time that then that

1 system is filled, because that's a very expensive next
2 process to then bring in a whole new system, and to
3 wire it in would be very expensive. So that would be
4 the most expensive when it knocked you over the
5 capacity of the first system.

6 Q. Well, when you were in Bell South did you
7 ever -- were you familiar with the outside plant
8 deployment practices of Bell South for Litespan units?

9 A. Somewhat.

10 Q. Are you familiar with the current outside
11 plant deployment practices for SBC?

12 A. Somewhat.

13 Q. Isn't it true that it's normal when you
14 deploy an NGDLC system for whatever kind of cards you
15 plan to put in there to deploy a certain increment to
16 handle expected demand say three months or even six
17 months of cards?

18 A. Yes, it is.

19 Q. And you do that because you can then
20 assign those cards through the operations support
21 systems already in place, right? It doesn't require a
22 truck roll?

1 A. Yes, it's to avoid the truck roll and
2 whatever impact opening the cabinet might have.

3 Q. So if SBC follows that common practice
4 and installs six months worth of ADLU cards in
5 Illinois or elsewhere, isn't it true that for the
6 first day or week or whatever, there is a lot of
7 installed and unused capacity sitting out there idle?

8 A. That is correct.

9 Q. Is that a bad thing?

10 A. No, that is good engineering practice.

11 Q. And would it be a good engineering
12 practice for a CLEC if they are allowed to buy the
13 line card to do the same thing to avoid truck rolls?

14 A. Yes, that would be a good practice for
15 them as well.

16 Q. Now, isn't it the case that this kind of
17 orphaned port is only for the last card installed
18 until it's fully occupied?

19 A. I am sorry, I thought you had just gave
20 in your previous question a situation where it was far
21 more than the last card. It was for the next six
22 months.

1 Q. I did. You got me. Fair enough. I want
2 you to assume now that people aren't doing that, that
3 because for whatever reason they are only installing,
4 for reasons that Mr. Keown can suggest to us later,
5 they are only installing one card at a time. You get
6 an order, you roll the truck out there, if you have no
7 spare ports on any cards, assuming the SAI collection,
8 can you assume that with me?

9 A. Yes.

10 Q. Isn't that a concern only for kind of the
11 last card in the row, if you will, because you are
12 going to have the rest of the cards fully occupied
13 with, in the case of quad cards, four working ADSL
14 lines?

15 A. Yes, it would only be a concern for the
16 card of that type for that operator.

17 Q. And, again, assume that we are talking
18 about the all ports to one SAI configuration for the
19 slot?

20 A. Yes.

21 Q. If you assume an average of four SAIs per
22 RT, can you assume that with me?

1 A. Yes.

2 Q. That would mean a maximum of then four
3 affected card slots per CLEC, right, if they want to
4 serve all four of the SAIs?

5 A. It would affect four card slots, that's
6 correct.

7 Q. Not 40 or 400, just one per SAI, right?

8 A. Under your assumption, yes.

9 Q. Okay, thank you. Now, is there any
10 technical reason that you are aware of that two or
11 three or four CLECs could not share a card? Will it
12 still work?

13 A. Well, under the assumptions that you had
14 made earlier having to do with the owner of the system
15 being able to handle all the management and so forth
16 of those and the proper licensing agreements so I am
17 not sure how this works with the contract with Alcatel
18 and so forth, but there is as far as just functioning,
19 not functioning efficiently or other things, it would
20 function.

21 Q. So Rhythms, Covad, Northpoint -- or I am
22 sorry, not Northpoint, Sprint or MCI could each occupy

1 one appearance on that card technically, couldn't
2 they?

3 A. Of course. That's what happens when SBC
4 opens it and provides it as a wholesale service.

5 Q. Okay. Now, do you know whether or not
6 SBC evaluated or considered an option that would have
7 or allow CLECs sharing a single line card, a single
8 ADLU card?

9 A. No, I know of no information of SBC
10 having any considerations of that.

11 Q. So it's fair to say you didn't advise or
12 assist SBC in any such evaluation?

13 A. That is correct.

14 Q. Now, on lines 6 to 8 of that page you are
15 talking here, you say here that the Litespan ADLU
16 cards are combination cards supporting both POTS and
17 ADSL. So if you have this issue we just discussed, it
18 could affect POTS as well, right?

19 A. That is correct.

20 Q. There is no real POTS capacity issue
21 here, is there?

22 A. Sorry, can you explain your question?

1 Q. Well, okay. Do you know how many, if
2 any, how many Litespan systems installed in Illinois
3 are at or near slot capacity?

4 A. No, I do not.

5 Q. Are you aware of any?

6 A. I don't follow that kind of information,
7 no, I don't.

8 Q. You are about to bring out or at least
9 you announced a new high density POTS card, haven't
10 you?

11 A. That is correct.

12 Q. How many appearances for a single card is
13 that?

14 A. That is a 24 line card.

15 Q. As opposed to four, right?

16 A. That is correct, which then exacerbates
17 the problem of fractional cards, I suppose.

18 Q. Or I guess maybe it solves the problem.
19 If you can install a channel bank that has 24
20 appearances per card slot, you can put a whole lot of
21 POTS in the same channel bank, right?

22 A. No, this does not change the overall

1 capacity. It changes the density of the system. It
2 allows it to be put into smaller areas such as a
3 collocation space.

4 Q. Well, can you use these 24 -- will these
5 use the same channel bank assembly chassis as the
6 other CBAs?

7 A. No, they do not.

8 Q. Do they fit in the same space?

9 A. They fit in the same space.

10 Q. So can you retrofit Litespan 2000 with
11 quad appearance slots, channel bank assemblies with
12 quad appearance slots, with these new 24 appearance
13 slots?

14 A. Alcatel has developed no retrofit
15 procedures for that. I don't know if that could be
16 done without service interruptions or not.

17 Q. I am not talking about service. I am
18 talking about will they fit in the same physical space
19 as the current CBAs?

20 A. Yes, they do.

21 Q. You are talking about a chassis mounted
22 on a rack, right?

1 A. That's correct.

2 Q. Okay. On page 4, lines 9 and 21, just
3 glance at that for me, please.

4 A. Yes.

5 Q. And the context here is you are being
6 asked do line cards have any functionality of their
7 own and are they accessible for connection with
8 another carrier's network. Do you see that?

9 A. Yes, I do.

10 Q. Well, what struck me about this, Dr.
11 Ransom, is it sounds exactly like Ameritech Illinois'
12 position on this issue. Exactly like it. Did they
13 draft this question and answer for you?

14 A. No, they did not.

15 Q. Did they request that you say these
16 particular words?

17 A. No, they did not.

18 Q. Did you read their testimony before you
19 drafted it?

20 A. No, I did not.

21 Q. So it's a coincidence then?

22 A. I have no idea. I suppose it could have

1 -- as far as I can tell, I don't recall seeing words
2 like theirs when I then later read their testimony.

3 Q. Okay. I want to establish that my
4 discussion now is going to not be talking about
5 interconnection of two carrier networks for exchange
6 of traffic, okay?

7 A. Uh-huh.

8 Q. That's one of the -- do you understand
9 that to be one of the purposes of collocation under
10 FCC rules, interconnection for exchange of traffic?

11 A. Yes, I understand that.

12 Q. And do you understand another purpose of
13 collocation to be able to access UNES?

14 A. Correct, I do understand that.

15 Q. We are going to leave the introduction
16 piece aside. We are not talking about that. Am I
17 right that there really are a variety of cards
18 available for the Litespan system including the POTS
19 cards, four-wire HDSL cards and the ISDN VRI cards?

20 A. Yes, there are.

21 Q. And each of those cards has somewhat
22 different functionalities, isn't that correct?

1 A. That's correct.

2 Q. For example, a four-wire HDSL card
3 supports a 1.5 megabit per second symmetrical signal,
4 right?

5 A. That's correct.

6 Q. And a POTS card supports regular old
7 voice grade POTS service, right?

8 A. Yes, it does.

9 Q. The VRI card supports two 64K ISDN
10 channels, right?

11 A. And the D.

12 Q. And the D channel, the 16K D channel,
13 right?

14 A. That's correct.

15 Q. Now, so each of those cards have
16 different functionalities on the card, right?

17 A. Yes, they all function differently.

18 Q. And on the ADLU card, we are talking
19 about for ADSL, that has different functionalities
20 from these cards as well, right?

21 A. Different from the ones you mentioned,
22 yes.

1 Q. For example, isn't there a splitter on a
2 daughter card that mates to the ADLU card?

3 A. Yes, yes, there is.

4 Q. The splitter's not in the central office
5 someplace or in the field someplace; it is on that
6 card, right?

7 A. That is correct.

8 Q. And isn't there an Alcatel chip set that
9 does the DSL line coding on that card?

10 A. Yes, there are.

11 Q. And there is a chip set for each service,
12 so on a dual card there is two chip sets for each of
13 the service, one for each of the services, right?

14 A. That's correct.

15 Q. And when I say line coding, what I mean
16 is the algorithms that allow higher band width than
17 voice grade to be carried across the copper loop
18 facility. Is that what you mean?

19 A. I am sorry. Where did you see this?

20 Q. I didn't see it in your testimony. I am
21 asking you about ADSL line coding. ADSL line coding
22 is an algorithm that now uses more than a voice

1 frequency band across copper facilities to be able to
2 handle, to create more band width than voice grade,
3 isn't that right?

4 A. I wouldn't quite word it in the way that
5 you said it.

6 Q. I am just a lawyer.

7 A. Okay. If I understand your intent, that
8 indeed the line coding of ADSL makes use of a spectrum
9 outside of the voice band in order to carry a high
10 speed data stream.

11 Q. Okay. And in doing so it codes and
12 decodes a signal coming to it from the chip set, is
13 that right?

14 A. That is right.

15 Q. If you think about the signal coming from
16 the customer premises across the copper to that line
17 card to that chip set, once it does its thing,
18 whatever that is, what does it then deliver to the
19 rest of the DLC? That is, is it in the case of ADSL
20 ATM cells or something different?

21 A. The information which is carried from the
22 ADLUs to the --

1 Q. Matrix?

2 A. The bank control unit, the so-called ABCU
3 card, that information consists of ATM cells and other
4 control and signaling information.

5 Q. But am I right there is a difference
6 between ADSL line coding on the copper and ATM cells
7 going across an ATM facility? Let me make it more
8 clear. There are no packets going from the premises
9 across the copper to the NGDLC, are there?

10 A. The termination point of the messaging,
11 the ATM messages, is not to the NGDLC but, ostensibly,
12 to somewhere else in the network.

13 Q. No, I mean if you think of just the
14 copper piece from the premises to the line card and
15 the DSL line coding is happening there, that's not
16 packetized, right? It's spectrum line coded?

17 A. There is a level that the DMT coding, if
18 we are going to get into these levels, at a certain
19 level does not specify ATM. The ADSL protocol at some
20 point specifies ATM cells across that as part of the
21 ADSL standard.

22 Q. Okay. So are you saying that there are

1 cells, ATM cells, that go between the transceiver at
2 the customer premises and the line card? Are those
3 ATM cells?

4 A. Well, it may depend upon what you mean by
5 the transceivers. The ADSL chip set of Alcatel is ATM
6 aware. And so it is familiar with ATM cells and the
7 generation of idle cells and other ATM functionality.

8 Q. What I mean is, I thought you said that
9 -- we already agreed, I think, that what comes from
10 the premises, if you are looking from the premises
11 towards the network, what comes out of the back of the
12 ADSL chip set is ATM cells and then it goes to the
13 ABCU, right?

14 A. ATM cells is carried over the information
15 that comes out of the back of it. It is more than
16 just raw ATM cells.

17 Q. Yes. Is there ATM cells between the
18 customer premises and the ADLU chip set?

19 A. There are ATM cells carried within the
20 data stream that leads to the customer premises.
21 Again, I don't want to be too exacting in my words,
22 but if there is some particular point, I want to make

1 sure that I have made it correctly if there is some
2 overall question.

3 Q. I am sure I am way out of my depth so I
4 will just move on.

5 A. Okay, sorry.

6 Q. What does a DSLAM do?

7 A. A DSLAM is a generic terminology in the
8 industry that was discussed in standards bodies to
9 define a group of equipment that would terminate the
10 data portion of an ADSL line and then pass -- then
11 multiplex that data onto a high speed stream further
12 into the network.

13 Q. So it does this line coding for one
14 thing, right? It does the line coding and decoding we
15 talked about?

16 A. Yes, it does.

17 Q. And it also multiplexes the signal up to,
18 what, DS-1, DS-3 or C levels?

19 A. Any of those, any and all.

20 Q. And so am I right that at least the line
21 coding portion of that DSLAM functionality is on the
22 ADLU card?

1 A. Yes, part of the ADSL functionality is on
2 the ADLU card.

3 Q. Okay. But what's not on the card is the
4 multiplexing function, is that right?

5 A. Yes, and overall control and other
6 functionality power supplies and everything else that
7 goes into making a DSLAM.

8 Q. I understand. But the line coding itself
9 is on the chip set on the card, right?

10 A. That is correct.

11 Q. Okay. Now, you see on line 20 at page 4
12 that you say that the only technically feasible forms
13 of interconnection are the OCD on one end and at the
14 other end -- and this is where it is put in bold and
15 underlined -- beyond the RT at the SAI or at the node,
16 do you see that?

17 A. Yes, I see that.

18 Q. Given our discussion just now about --
19 that's not correct, is it? That is, it's technically
20 feasible to interconnect at the OCD for sure, that's
21 how you pick up the ATM cell bit stream at the office,
22 right?

1 A. That's correct.

2 Q. So you agree that you can access that end
3 of the subloop at the office by putting a port on the
4 OCD, right, that's how you pick it up?

5 A. Yes.

6 Q. Can't you connect to the other end with
7 either the card in the slot or a cross connect field
8 placed in the RT? In other words, you don't have to
9 go out to the SAI, do you, technically?

10 A. Well, there may be some question of you
11 in this case. The only interconnection that is
12 provided to other carrier's networks is at those
13 points. There is certainly no connections to other
14 carrier's networks provided at any of those other
15 points that you mentioned.

16 Q. Not currently provided, you mean?

17 A. That's correct.

18 Q. It is possible to do it, though, isn't
19 it, based on our discussion a few moments ago?

20 A. Well, you will have to then tell me which
21 points you are --

22 Q. The cross connect field at the RT.

1 A. We said that there was not -- if there
2 was a cross connect field at the RT, and some carriers
3 have done this in some areas where the RT is close to
4 an SAI, there is an SAI within the RT, and that again
5 provides a potential cross connect point.

6 Q. That's no difference, Dr. Ransom. I know
7 the SAI is a cross connect point. I want to talk
8 about the SAIs that will soon be farther away and the
9 cross connect field we discussed placed just outside
10 the RT cabinet or within the CEV Hut. Do you remember
11 that discussion?

12 A. Uh-huh.

13 Q. If you had that configuration, you could
14 cross connect there too, couldn't you?

15 A. I was speaking of the Alcatel NGDLCs.
16 Now, if we would design something new and different,
17 if someone would create another cross connect somehow
18 between the NGDLC and the SAI in some way, I suppose
19 it kind of looks like a tandem SAI in a sense. And if
20 you would create additional tandem SAIs, I suppose
21 then could you connect at that point as well.

22 Q. I thought what you are saying here --

1 isn't what you are saying is the feasible points are
2 points where you have a binder post, that is the SAI
3 or the nib or maybe the serving terminal, aren't those
4 what you are talking about here as being feasible?

5 A. Yes, I said that a feasible point is
6 where you would have some sort of standard
7 interconnection that is well-defined where the signals
8 meet standards that different carriers understand and
9 could then interconnect at that point.

10 Q. Well, this is actually much simpler then,
11 isn't it? Were you talking about an SAI that's a
12 cross connect field with binder posts where you put
13 appearances on the field side, appearances on the loop
14 side, and you put jumpers across? Isn't that what you
15 do in an SAI? It's simple, right?

16 A. An SAI is a cross connect where one
17 installs jumpers, that's correct.

18 Q. And you do that using binder posts,
19 right?

20 A. That's correct.

21 Q. So if you take that concept, that cross
22 connect field in the SAI, and you move it to sit right

1 next to the RT and you don't hard wire those feeder
2 cable pairs into protector blocks, you could pick up
3 that cross connection there, couldn't you?

4 A. One could design a new design other than
5 the one that we currently deploy that could have those
6 characteristics.

7 Q. When you say we, do you mean Alcatel or
8 Ameritech?

9 A. No, we the industry, could design such
10 things. This is not an industry standard solution
11 that you describe.

12 Q. All right. Now, you think of yourself as
13 a real engineer, right?

14 A. I guess I am not sure what that term
15 means.

16 Q. I mean, you are an engineer, right?

17 A. Yes, I am.

18 Q. And you have done engineering, I take it,
19 for Bell South before you came to Alcatel?

20 A. That's correct.

21 Q. I want to talk about a metaphor we used
22 on a previous date. It is a snapshot versus a movie,

1 okay?

2 A. Okay.

3 Q. Do you think that engineers at Alcatel
4 view the world as a snapshot or as a movie?

5 A. I am afraid you would have to define
6 those terms.

7 MS. MANN-STADT: Objection, irrelevant.

8 Q. All right. Well, let me put it this way.
9 Does Alcatel view the telecommunications world that it
10 serves as static?

11 A. No, it does not.

12 Q. Does it view it as subject to change over
13 time?

14 A. Yes, it does.

15 Q. Does Alcatel intend to -- has Alcatel in
16 the past modified its product and developed new
17 products to address customer needs?

18 A. Yes, we have.

19 Q. Has it done that to make its company more
20 efficient?

21 A. Yes, we have.

22 Q. Has it done it to add features and

1 functions?

2 A. Yes, we have.

3 Q. And do you try to communicate those new
4 platforms and features and functions to your
5 customers?

6 A. Do we advertise this capability to them?
7 Is that --

8 Q. Do you tell them about it in any fashion?

9 A. Yes, we do.

10 Q. So I take it that when you communicate
11 with your customers, let's say it's SBC, let's say
12 it's SBC-Ameritech, you don't simply tell them what
13 the current Litespan systems can do and stop there, is
14 that right?

15 A. That's correct.

16 Q. You tell them what it can do and what you
17 plan to add in terms of new features, functions and
18 capabilities, right?

19 A. That is correct.

20 Q. And you tell them about that as far up in
21 the future as you have a reasonable expectation of
22 being able to deliver, right?

1 A. Not in all cases.

2 Q. Okay.

3 A. It may overhang a current product that we
4 have for other reasons.

5 Q. I understand. This is the real world of
6 wanting to sell products, right? It's a fair answer.
7 For example, you tell them about future releases of
8 the system software, don't you?

9 A. Yes, we do.

10 Q. And you tell them what features you have
11 planned for those releases, don't you?

12 A. Yes, we do.

13 Q. And you as chief technologist think in
14 those terms as a base case, do you not, what's going
15 to be happening?

16 A. Yes.

17 Q. Not what is, not solely what is?

18 A. Certainly not solely what is.

19 Q. Let's look in your testimony at page 5,
20 Dr. Ransom. And look particularly at lines 9 through
21 11 with me. I am going to quote you here. "The
22 Litespan system terminates the ATM fiber on the system

1 on an ATM bank control unit, ABCU, which provides one
2 PVP to its associated channel bank assembly CBA." Do
3 you see that?

4 A. Yes, I do.

5 Q. And then you go on to say a horrible
6 thing that might happen if CLECs get hold of a PVP,
7 given that it's only one of those things, right?

8 A. That's correct.

9 Q. Now, would you consider that to be a
10 snapshot or a movie of your platform?

11 A. I am sorry, did we define these terms?

12 Q. We didn't, but let me try it this way.
13 Is that a view limited to the current deployed
14 capabilities of your platform?

15 A. It is a description of the product that
16 we have available.

17 Q. And does it take any account of what you
18 know and have been involved in that might be available
19 in Release 11 of your software on this issue?

20 A. There are additional functionality
21 provided in Release 11 that can provide some
22 additional PVCs, when that product becomes available

1 and tested and accepted and so forth.

2 Q. And did you say, you said PVPs or PVCs?

3 A. PVPs.

4 Q. And we talked about the quad cards. When
5 is this itself going to be available for testing by
6 your client or is it already available?

7 A. Well, the product is getting -- is
8 targeted for being available for customer testing at
9 the end of August.

10 Q. Same time as the cards that you will need
11 a system to support?

12 A. That's correct.

13 Q. So you say you are going to be able to
14 provide more than one. How many more than one? How
15 many more than one PVPs per CBA will Release 11
16 support?

17 A. Well, I --

18 Q. Is that a secret?

19 MS. MANN-STADT: Objection.

20 A. I think that may be proprietary
21 information, but I will be willing to say here that it
22 is certainly more than one.

1 Q. Can we just say on the open record that
2 it is more than some number without disclosing the
3 actual number or is that uncomfortable for you?

4 MS. MANN-STADT: We are going to do this on
5 the closed record. I don't see any purpose in playing
6 a guessing game, particularly since our time is short.

7 MR. BOWEN: No, we don't want to guess. We
8 want the actual facts in the record, so we will wait
9 until we get into the closed record.

10 Q. Isn't it correct that Alcatel has
11 discussed with SBC the provisioning of multiple PVPs
12 per channel bank assembly for more than a year?

13 A. Yes, we have discussed this probably that
14 long. That would be about the planning horizon.

15 Q. I take it that as chief technologist you
16 try to keep aware of what your competitors are doing
17 in terms of features and functions?

18 A. I try to.

19 Q. Isn't it correct that AFC has no PVP
20 limit for its competitive product?

21 A. No, I don't know that information about
22 AFC.

1 Q. Does Alcatel also offer ATM devices, core
2 network devices to its customers?

3 A. Yes, we do.

4 Q. Do you offer, for example, a core ATM
5 switch?

6 A. Yes, we do.

7 Q. What 's the limit on PVPs in your core
8 switch?

9 A. I don't know those numbers off hand.

10 JUDGE WOODS: You close to a breaking point?

11 MR. BOWEN: I have got one more question on
12 this line.

13 Q. Again, this seems to me in comparing this
14 with, say, Mr. Keown's testimony to look remarkably
15 alike with what Mr. Keown has said about the currently
16 deployed Alcatel systems. Did Ameritech draft this
17 section for you?

18 A. No, they did not.

19 Q. Did they ask you to say this?

20 A. No, they did not.

21 Q. Did they ask you to address PVP
22 constraints on your platform in your testimony?

1 A. No, they did not.

2 MS. MANN-STADT: Objection, Your Honor. I
3 can hear that this is going to happen as we go through
4 the testimony if there is any language that counsel
5 deems similar. So could I suggest that we ask the
6 question if there was collaboration with Ameritech on
7 the testimony and be done with it?

8 MR. BOWEN: Sure.

9 Q. Did you collaborate with Ameritech on
10 your testimony?

11 A. No, I did not.

12 Q. Did you read any testimony that they had
13 written or supplied before writing your testimony?

14 A. No, I did not.

15 Q. Well, how is it that you supply,
16 completely without knowledge of Ameritech's testimony,
17 how is it that you supply testimony which looked only
18 at the current capabilities of your platform? Why did
19 you do that?

20 A. Because the question was asked what would
21 this product do. Because as I understand the order,
22 this is a current capability that they would be

1 required to provide that the platform simply is not
2 capable of doing with any kind of economic efficiency.
3 And I thought that was useful information that the
4 Court might want to know.

5 Q. Do you think the Court might want to know
6 what you had planned to release two or three months
7 after your testimony?

8 A. I can't really say, but they may be
9 interested in future capabilities of our product.

10 Q. Okay. Can you tell me why you didn't
11 include what you knew to be a planned release function
12 which would relieve this problem entirely in your
13 testimony?

14 A. Because I thought the question related to
15 what product that we have available in the market and
16 not what products we might have available in the
17 future.

18 Q. And who told you that?

19 A. No one told me that.

20 Q. Okay. Do you understand this case to be
21 a case that in effect is permanent, that until the
22 Commission revisits this, perhaps never, whatever

1 happens here will be what happens?

2 A. I understand that.

3 JUDGE WOODS: I think the more interesting
4 question is who posed the questions to you?

5 THE WITNESS: Let's see. I gained these
6 questions from Jim Gunther who is the head of
7 government affairs for Alcatel.

8 JUDGE WOODS: He provided the questions to
9 you?

10 THE WITNESS: Yes, he did.

11 JUDGE WOODS: You don't know where he got
12 them?

13 THE WITNESS: No, I do not.

14 Q. I thought you just wrote your testimony,
15 including questions and answers. You got a set of
16 questions that somebody asked you to write answers to?

17 A. In the drafting of the work he provided
18 help in providing a set of sample questions for me to
19 answer.

20 Q. Okay. Well, did you say to Mr. Gunther,
21 gee, why would anyone want to know about the current
22 capacity when we have got a release ready to go here

1 that will do all these things?

2 A. No, I had no such discussion.

3 Q. Would it be fair to say this is the only
4 time you have talked about your product with any
5 outside audience where you didn't also talk about what
6 you had planned to release in future releases or you
7 stuck to what the current capabilities were?

8 A. I don't know that to be true, no.

9 Q. Have you ever just talked to your
10 customers and talked about only the current capacity
11 and not also talked about the plans for the future?

12 A. I suppose I have.

13 Q. So just so we are clear, you weren't
14 trying to leave the Commission with the impression
15 that for the foreseeable future there would be only
16 one PVP per channel bank, were you?

17 A. No, no, I was not.

18 Q. And had you been asked the question
19 differently, that is had you been asked the question
20 will Alcatel soon be able to support more than one PVP
21 per channel bank assembly, would you have given the
22 answers you just gave right now?

1 A. I would also have given the information
2 on our future capability in this area beyond the
3 available product.

4 MR. BOWEN: This might be a good time to
5 break, Your Honor.

6 JUDGE WOODS: Okay, let's take a break.
7 (Whereupon the hearing was in
8 a short recess.)

9 MR. BOWEN:

10 Q. Dr. Ransom, who is the gentleman who is
11 the government affairs personnel that you told me you
12 had spoke to about your testimony?

13 A. Jim Gunther.

14 Q. Is his e-mail address
15 James.J.Gunther@USA.Alcatel.com?

16 A. I believe so.

17 Q. Do you recall getting an e-mail sent on
18 or about Thursday, June 7, 2001, concerning your
19 testimony in Illinois?

20 A. Well, not specifically.

21 Q. Am I correct that counsel deems this
22 document that I have shown to you before, just now

1 before, these questions to be confidential?

2 MR. SHIELL: Yes.

3 MR. BOWEN: We will have to pursue this on
4 the closed record, Your Honor. It bears on the issue
5 of how Dr. Ransom's testimony was created.

6 Q. Okay. Still on the open record, let's go
7 back to your testimony at page 6, Dr. Ransom, your
8 direct testimony. Here you are addressing some of the
9 questions that Commissioner Squires asked the parties
10 to address, is that right?

11 A. Yes, it is.

12 Q. You are not a lawyer, are you?

13 A. Oh, no, I am not.

14 Q. You are higher on the food chain than
15 that, right? Do you consider yourself to be a
16 regulatory expert?

17 A. No, I do not.

18 Q. Would that be true as to both the FCC and
19 the Illinois Commerce Commission?

20 A. That would be correct.

21 Q. Do you make it a regular practice to read
22 the FCC's rules on things like unbundling and advanced

1 services?

2 A. Yes, I do.

3 Q. Do you recall when you first examined the
4 sections that you cite, 51.319, 51.307(c) and 51 -- I
5 said 51.319. Was that in conjunction with this
6 testimony?

7 A. No, I don't believe that was the first
8 time I saw it.

9 Q. And you talk about the FCC's Merger
10 Conditions Waiver Order, do you not?

11 A. Yes, I do.

12 Q. And when did you first read that?

13 A. I don't exactly remember.

14 Q. Was it in conjunction with this
15 testimony?

16 A. No, it was not.

17 Q. Now, looking at the bottom of page 6,
18 line 27, and then continuing to the top of page 7,
19 lines 1 through 8, here you are talking about whether
20 ADLU cards can or can't be unbundled, right?

21 A. That's correct.

22 Q. And at the very end of that you say a

1 network element for unbundling consideration then
2 could be an individual line or circuits supported by
3 the entire testimony but not individual components, is
4 that right?

5 A. That's correct.

6 Q. So I take it from that that you will
7 agree with me that a PVC could be a UNE, although a
8 line card can't, is that fair?

9 A. A PVC that connects from one accessible
10 point to another could conceivably be an unbundled
11 element. One that connects from some point to some
12 inner guts of Alcatel's product would not be a very
13 suitable UNE.

14 Q. That's a technical engineering term,
15 isn't it, the inner guts?

16 A. Yes, sir.

17 JUDGE WOODS: You are a doctor, too, huh?

18 THE WITNESS: Medical terminology.

19 Q. I take it you also would agree then that
20 a PVP under the conditions you edified could be a UNE
21 as well?

22 A. Under the conditions I identified it

1 could be a UNE.

2 Q. Now, then you address Question 7 and here
3 the topic you are addressing is can somebody else's
4 cards go into your Litespan DLCs, right? That's a
5 little colloquial but is that the gist of what you are
6 saying there?

7 A. Well, there is two question parts having
8 to do with whether CLECs can partner with Alcatel on
9 getting some new flavor of DSL developed and the other
10 one having to do with industry standards.

11 Q. Okay. Well, let's talk about the
12 industry standards part of that question.

13 A. Okay.

14 Q. I want to kind of take you through a
15 series of possibilities for system or components and
16 chat about that with you, all the way from a
17 proprietary system to an open system with open
18 specifications. You know about that basic range of
19 possibilities in general, right?

20 A. Yes, I do.

21 Q. So at one end of that continuum we have a
22 proprietary system or a component that's made only by

1 the intellectual property owner, is that right?

2 A. Perhaps I didn't understand your spectrum
3 very closely. I would agree these are end points but
4 there may be multiple dimensions.

5 Q. Well, let me say that the least open in
6 terms of other people being able to make things that
7 work with it or control its development and growth is
8 a proprietary system, is that fair?

9 A. Yes, proprietary is very -- well, the
10 term proprietary is sometimes used in two ways.
11 Proprietary is sometimes meaning that a single vendor
12 does it that way. IBM has a proprietary technique
13 they use but it's open, it's known, it's just peculiar
14 to them. But then there are proprietary which is kept
15 as a trade secret which is a different kind of
16 proprietary. So which type did you mean?

17 Q. The Litespan type?

18 A. That would be of the latter.

19 Q. Okay. In other words, you want to make
20 something that you have worked hard on and you want to
21 keep the benefits of your efforts and you have got
22 those protected and you don't let anybody else just

1 use it without at least licensing, is that correct?

2 A. That's correct.

3 Q. And the Litespan platforms you deploy,
4 you have sold to ILECs for deployment, have your IP
5 protected, do they not?

6 A. Yes, they do.

7 Q. Now, one step away from that, I won't say
8 up or down, but one step away from that down a
9 horizontal line could be the same kind of system but
10 with certain components or functions licensed by the
11 IP holder, is that fair?

12 A. Licensing this proprietary information is
13 different than non-licensing, and I suppose it's in
14 that sense less closed.

15 Q. Less closed, okay, or more open, right?

16 A. Or more open.

17 Q. And, for example, you could license other
18 manufacturers to make cards for your Litespan system,
19 right?

20 A. Yes, we could license other manufacturers
21 to make cards for Litespan.

22 Q. And you do that right now, right?

1 A. Yes, we do.

2 Q. Now, one step further down the line could
3 be what's known as plug compatibility, right? You
4 could have a system or a component which complies with
5 a non-proprietary specification?

6 A. That would be different than the first
7 two, yes. And more open.

8 Q. And more open. And can you think about
9 PCs, can you think of anything that would comply with
10 that kind of spot on the market?

11 A. You are thinking of personal computers?

12 Q. Yes, can you think of anything that's
13 like that?

14 A. I presume you are referring to the ISA
15 bus or PCI bus of an IBM compatible computer.

16 Q. It did occur to you, this is the bus
17 that's hooked up to card slots where you can put PC
18 cards in there of various types, right?

19 A. That's correct.

20 Q. And that's the most open of all three of
21 those you are talking about, right?

22 A. It is the most open of those we have

1 talked about.

2 Q. All right. And you can put -- in an ISA
3 bus you can put any ISA compliant card in a slot with
4 these, right?

5 A. You can plug it in. Whether it works is
6 a question.

7 Q. Okay. Isn't there a large -- sticking
8 with the PC world chronology, isn't there a large
9 variety of card types that fit in the ISA compliant PC
10 card slot?

11 A. Yes, there are.

12 Q. For example, you have sound cards, video
13 cards, modem cards, ethernet cards, and DSL cards,
14 right?

15 MS. MANN-STADT: I am going to object, Your
16 Honor. We are not presenting a witness who is an
17 expert in PCs and it certainly is not relevant. If
18 counsel is trying to get to a point related to
19 Litespan, I would appreciate it. I just don't think
20 this is relevant.

21 MR. BOWEN: I am entitled to examine by
22 analogy, Your Honor.

1 JUDGE WOODS: I think so, too. Go ahead.

2 Q. Do you recall the question?

3 A. No, I don't.

4 Q. There is a large variety of card types,
5 including sound cards, video cards, modem cards,
6 ethernet cards, and even DSL cards for PCs, right?

7 A. There are -- yes, there are a wide
8 variety of such cards.

9 Q. And for each such type of card in many
10 cases there are many manufacturers or vendors of a
11 card, right?

12 A. That is correct.

13 Q. And is it fair to say that in that world
14 of multiple vendor, multiple card types, that you have
15 seen over the past ten years rapid innovation and the
16 lowering of prices?

17 A. Yes.

18 Q. But in the Litespan platform Alcatel
19 controls the features, functions and prices, does it
20 not?

21 A. Yes, we did.

22 Q. So in all cases, whether it's a CLEC or

1 an ILEC, we have to come to you for whatever that
2 product offers, is that right, if we want to buy a
3 Litespan platform?

4 A. You have to come to Alcatel or in some
5 cases to companies for which Alcatel has a license
6 arrangement for certain cards.

7 Q. Okay. For example, can you just tell us
8 who do you have current license agreements with for
9 card manufacture for the Litespan unit?

10 MS. MANN-STADT: I am going to object. I
11 believe that's proprietary information.

12 A. No, it's not. Alcatel announced that
13 ADTRAN, for instance --

14 JUDGE WOODS: Will you spell that, please?

15 A. A-D-T-R-A-N, Corporation builds HDLS
16 cards for Alcatel.

17 Q. Who else? ADC?

18 A. ADC we have a similar arrangement.

19 Q. Do you have any licensees of HDLS four
20 quad cards?

21 A. Yes, we do.

22 Q. Who are they?

1 A. I believe ADTRAN again. I don't know of
2 the others.

3 Q. How about Paragain (sp)?

4 A. Paragain has a -- we do have a license
5 arrangement with Paragain. I forget which card it
6 was.

7 Q. And what about a company called Toll
8 Grade? Do you have one with them?

9 A. I believe we do, but I am not certain.

10 Q. What kind of cards do they supply to you?
11 Do you license them to supply?

12 A. I don't know.

13 Q. But beyond the licensing, you have to go
14 to Alcatel, right?

15 A. That's correct.

16 Q. And even with the licensees, they have to
17 comply with whatever requirements you place upon them
18 in your license agreements, right?

19 A. Well, we would have to enter into a
20 mutual license agreement with the companies involved.

21 Q. And I take it that you, via those
22 agreements, enforce whatever conditions you deem

1 appropriate for the manufacturers of those components?

2 A. Yes, we do.

3 Q. So doesn't that make you in some sense
4 the gatekeeper, technology gatekeeper, for the
5 Litespan platform?

6 A. I am not sure of the term. We certainly
7 protect our intellectual property, and we do not allow
8 others to use it except under agreements that we make
9 with these companies.

10 Q. Okay. Well, aren't you the gatekeeper
11 for, for example, system through-put of your Litespan
12 product?

13 A. Would you please define gatekeeper so I
14 know what you mean by that?

15 Q. The point at which a decision is made to
16 allow something to happen or not.

17 A. Yes, we have decision authority on --
18 well, you asked in the case of through-put, if I
19 remember your question. We are certainly responsible
20 for the overall through-put, and we try to make
21 decisions that try to maintain that in some way or
22 improve it for our product.

1 Q. Aren't you also the gatekeeper, as we
2 defined the term, for the technology deployed such as
3 time division multiplexing or ATM in the case of
4 Litespan platform?

5 A. If I understand your question correctly,
6 Alcatel controls the features of Alcatel's products.

7 Q. Okay. Does that include in the ATM sense
8 the quality of service types that are offered such as
9 unspecified bit rate or constant bit rate or outage?

10 A. Yes, those feature functionalities are
11 features of our products that we control.

12 Q. So is it fair to say that with respect to
13 capacities, capabilities, features and functions on
14 the Litespan 2000 and 2012 platform, you make those
15 decisions? Alcatel makes those decisions?

16 A. Yes, Alcatel makes the decisions of what
17 functions go into the Litespan.

18 Q. Does Alcatel currently own the factories
19 that make the Litespan 2000 and 2012 products?

20 A. I don't know if we do or not. We do have
21 a number of contract fabrication plants that we use
22 for various of our products. I don't know if we use

1 them or not for this one.

2 Q. Does Alcatel own the factories that make
3 the ADLU cards?

4 A. Same answer.

5 Q. Do you know whether or not the factories
6 that make the Litespan platform and the cards, if
7 Alcatel does own them, are part of the recently
8 announced plan to sell off the fabrication capacity of
9 Alcatel?

10 A. No, I do not.

11 Q. Well, if you do own them right now and
12 you do sell them off, I take it that you would do so
13 only under the assurance that your standards inside
14 Alcatel could be maintained by another manufacturer,
15 is that fair?

16 A. That's fair.

17 Q. Now, if you look on page 9, line 13
18 through 18, here you are discussing how you decide to
19 make a particular kind of line card available, do you
20 see that?

21 A. Yes, I do.

22 Q. And you say it's a business decision. D o

1 you see that?

2 A. That's correct.

3 Q. Based on our recent discussion, that is
4 Alcatel's decision, is that right?

5 A. That's correct.

6 Q. Isn't it possible -- that is, could
7 Alcatel work with SBC only and not other ILECs to
8 develop a new feature or function for, say, an ADLU
9 card?

10 A. You mean could I? Make sure I understand
11 the context of your question. What do you mean by
12 working with them exclusively?

13 Q. Well, what I mean is could SBC come to
14 you and say I want the ADLU card to do something
15 different or above and beyond what it does in a base
16 configuration, and I will work with you to develop
17 that functionality?

18 A. Well, they could -- I am not sure what
19 work with us would mean in that sense, but surely they
20 could give us their requirements and so forth to do
21 some functionality that they desire.

22 Q. And that has happened in the past, right?

1 They have given you functionality documents,
2 specifications that you have responded to and built
3 products to support?

4 A. Yes.

5 Q. That could happen again with a card type
6 or a card functionality, is that fair?

7 A. Yes, it could.

8 Q. Could Alcatel work in the same fashion
9 with Rhythms?

10 A. Yes, we could.

11 Q. Now, you don't require your licensees,
12 under whatever arrangements you have in place with
13 them, to use all of the card types that are available
14 and supported by Alcatel, do you? It's up to them?

15 A. Make sure I understand the question, you
16 said do we require someone, one of our customers, to
17 use all of the various cards available when they buy a
18 product?

19 Q. Uh-huh, yes.

20 A. No, we do not.

21 Q. So, for example, if someone didn't want
22 to buy ISDN, you wouldn't say, well, you can have the

1 Litespan but only if you use the ISDN feature?

2 A. That's correct. We do not.

3 Q. And you aren't currently requiring your
4 licensees to use the ADSL functionality of the
5 Litespan, are you?

6 A. The ADSL, no, we can't require our
7 customers to do anything of the sort.

8 Q. And then if you think of the features and
9 functions of a card, a particular kind of card, you
10 don't require your licensees to use every feature or
11 function of a card that might be available, do you?

12 A. That is correct. We do not.

13 Q. So it would be their option, it would be
14 your customer's option, first of all to deploy a
15 particular card type, is that fair?

16 A. That's fair.

17 Q. And it would be your customer's option to
18 enable or not any particular feature of an individual
19 card type, is that fair?

20 A. That's fair.

21 Q. When you say you would look at such
22 factors as volume of demand and so forth on line 14,

1 what does that mean? Does that mean that if SBC asks
2 you for something and promises you a million cards,
3 that you are more likely to do that for them than if
4 Rhythms asked you to do it for ten thousand cards,
5 other things being equal?

6 A. Well, of course, we don't make a decision
7 to develop a card based on what one customer would
8 buy. We sum the total demand across our customer base
9 and potential customer base as one of the factors in
10 determining whether we build a card. So we wouldn't
11 necessarily say that a customer who is buying more who
12 requests a feature would, therefore, get that and
13 another one would not, because of other factors and
14 other customers.

15 Q. Right. But isn't it fair, isn't it just
16 a function of the marketplace that, other things being
17 equal, if you commit to buying more cards, you get
18 more attention, shall we say, more results?

19 A. Yes, that would be fair.

20 Q. Okay. If you look at page 10 in response
21 to Question 8, I think I understand your answer on
22 this point but I want to make sure because you are

1 doing this in response to Commissioner Squires
2 question here. Are you agreeing in this, in your
3 response at line 19 through 26 in response to Part A,
4 are you agreeing that we can access PVCs and PVPs at
5 the OCD?

6 A. Yes, I am saying that.

7 Q. Now, you go on in response to Part B at
8 the bottom of the page where you are talking about the
9 interfaces, the OCD interface and so forth, next page
10 you talk about daisy-chaining to the same OC3-c, do
11 you see that?

12 A. Yes, I do.

13 Q. What you don't talk about is what I think
14 your company supports which is a dual LAMBDA wave
15 division multiplexer.

16 JUDGE WOODS: Dual?

17 MR. BOWEN: Dual LAMBDA, L-A-M-B-D-A, two
18 wave length solution.

19 Q. Don't you support a two wave length
20 solution for the Litespan platform?

21 A. Yes, we do.

22 Q. And that runs at 1310 and 1550

1 nanometers, is that right?

2 A. Yes, those are the wave lengths.

3 Q. Now, on lines 9 through 12 you are
4 talking about undaisy-chaining channel bank
5 assemblies, right?

6 A. Yes.

7 Q. When you talk about a shelf unit, you
8 mean a channel bank assembly, right?

9 A. Yes.

10 Q. And by doing so you can get one OC3 -c per
11 channel bank assembly, is that right?

12 A. For the data, high speed data portion?

13 Q. Yeah. That is you support that
14 configuration?

15 A. Yes, we do.

16 Q. You also, can you not, roll up an OC3 -c
17 into a Litespan 2012 transport system as one of the
18 four OC3s that go from the RT to the central office?

19 A. That's correct. We can carry the OC3
20 within the OC12 facility going to the 2012.

21 Q. And doesn't that system require at least
22 one OC3 that's TDM enabled and the other three can be

1 either TDM or ATM?

2 A. That's correct.

3 Q. Okay. In reply on page 2, you have
4 discovered more problems with card ownership at the
5 bottom of the page?

6 A. I seem -- the more I think about it, the
7 more I worry about it.

8 Q. You mentioned at the bottom of the page
9 system warranty service where the differing owners of
10 a system may have purchased different levels of
11 support from Alcatel, do you see that?

12 A. Yes, I do.

13 Q. Well, I just want to talk about a card.
14 If I buy a card from you and there is something wrong
15 with the card, can I simply instruct Ameritech to pull
16 out the defective card and put a good one in, and then
17 deal with you on the warranty separately?

18 A. Well, I don't know what arrangements you
19 would have with Ameritech, so I can't speak to that,
20 that portion. But if you own a card and through
21 however, whatever means you have you have determined
22 it to be bad and have obtained that card and sent it

1 to us for warranty, repair or for anything else
2 according to our repair procedures, we would certainly
3 execute on that.

4 Q. Okay. In other words, it's between
5 Rhythms and Alcatel, the warranty issue is just
6 Rhythms and Alcatel, it is not Ameritech, right?

7 A. That is correct.

8 Q. Okay. Then we move into another danger
9 of this and that's the upgrade blocking fear you have
10 here, right?

11 A. Yes.

12 Q. You are saying that we ought to be able
13 to block the upgrades to a feature platform that you
14 want to sell to them because we own the line cards,
15 right?

16 A. Yes.

17 Q. Well, maybe I am wrong. I thought
18 Alcatel worked really hard to try to make sure that
19 its products, its upgrades, were always backwards
20 compatible. Did I get that wrong?

21 A. It may depend on what is upgrade. There
22 is occasionally that Ford wants you to trade in your

1 old car and get a new one.

2 Q. Fair enough.

3 A. And there may be in this case somebody
4 who owns one of the tires of that car who doesn't want
5 it upgraded.

6 Q. Okay. I can understand your point when
7 it comes to a complete platform shift. That's the
8 point you are trying to make here?

9 A. Yes, when it's time, we try to roll the
10 platforms occasionally.

11 Q. Occasionally, yes, I understand that.
12 But within a platform while it's still alive, don't
13 you try to maintain backward compatibility with your
14 upgrade?

15 A. Yes.

16 Q. And isn't a lot of the upgrade work on
17 the Litespan actually done via software downloads?

18 A. Some of it is done through that
19 mechanism.

20 Q. So when you say a future generation
21 product, you mean a new platform, right?

22 A. Yes.

1 Q. What if CLECs agreed not to block
2 upgrades to generation products? Would that satisfy
3 your concerns expressed here?

4 A. You mean, if Ameritech decides to upgrade
5 their platform which obsoletes all the cards owned by
6 the CLECs and they say you can do that at will, then
7 that would not be a problem.

8 Q. Right. Their cards are obsolete, our
9 cards are obsolete. It would be a new platform. You
10 would be okay with that?

11 A. The particular issue that I had mentioned
12 here was with regard to a single owner blocking it.
13 If they had some contractual way of assuring that they
14 could never do that, that they would accept having
15 their cards -- having them obsoleted because the
16 incumbent decided to change out their product, if they
17 would enter into such agreements, then that would
18 allay that particular problem.

19 Q. Okay. I am trying to pick them off as I
20 see them here. Okay. At the bottom of page 3 you are
21 addressing Mr. Watson's testimony where he said that
22 your Litespan product actually has not caught up with

1 standard industry practice because it supported only a
2 limited number of QoS classes. Do you see that here,
3 bottom of page 3?

4 A. Oh, I see, yes.

5 Q. And your answer is at the top of page 4,
6 right?

7 A. Uh-huh.

8 Q. And what you are saying here is -- I
9 mean, the reality is you bought Litespan from DSC,
10 right?

11 A. No, we bought DSC.

12 Q. You bought DSC in 1998?

13 A. That would have been, I believe, 1999.

14 Q. '99#. And one of their products was
15 Litespan, right?

16 A. That is correct.

17 Q. So you basically bought a company that
18 had an existing product, right?

19 A. That's correct.

20 Q. And I think you say here that it was
21 designed to replace copper feeder plant, right?

22 A. That is correct.

1 Q. It wasn't designed to support packetized
2 network topology, was it?

3 A. Not when it was initially designed.

4 Q. So you are trying to upgrade this
5 non-packetized platform so it will do that, right?

6 A. That's correct.

7 Q. And you can't do that all at once, right?
8 Or you could but you have chosen not to? In other
9 words, you can't turn what really was a circuit switch
10 device into a packet switch device overnight?

11 A. Well, I don't know that that's our goal
12 so.

13 Q. Okay. Well, let me get at it this way.
14 You can't add full ATM functionality to what started
15 out to be a circuit switch device overnight?

16 A. No ATM product does every ATM variation
17 anyone's ever come up with. They always support some
18 subset they believe is best for the market. We have
19 chosen the initial broadband upgrade of this product
20 to add those functionalities which seemed to be most
21 needed that we could do as quickly as possible.

22 Q. Okay. And as a result you chose to

1 support the unspecified bit rate quality of service
2 class first, is that right?

3 A. That's correct.

4 Q. And that's used primarily or principally
5 for internet access, is that fair?

6 A. That's correct.

7 Q. Now, did you ask any CLECs what they
8 wanted in terms of functionality as you move from a
9 circuit switch platform to an ATM-based and
10 circuit-based switch platform?

11 A. Well, we market Litespan to a number of
12 CLECs including some of those involved in this
13 particular hearing, and we certainly listen to them
14 and they have their own needs as well.

15 Q. Actually, my question was did you ask
16 them what they wanted?

17 A. Yes, although, again, in the narrow
18 question of level of ATM -- perhaps we asked them what
19 they wanted without being so narrowly specific as to
20 say a specific ATM service class, so forth. We asked
21 what they wanted in general.

22 Q. Well, did you tell CLECs that your

1 initial offering would be unspecified bit rate
2 priority roll out of that functionality?

3 A. Yes, we did.

4 Q. How did you do that?

5 A. How did we tell them?

6 Q. Yeah. Do you have some kind of
7 scrutinized way that you do that with your CLEC
8 customers?

9 A. Yes, we have a sales force that addresses
10 specifically the CLEC market and are charged with
11 trying to sell Litespan and other Alcatel products to
12 that market. The sales force is responsible to call
13 on those customers to tell them of the features of our
14 products, to try to see if these products can meet
15 their need, and also to give us feedback to the extent
16 it doesn't meet their needs so that we can evolve a
17 product to meet that target. The CLEC target was
18 viewed by Alcatel to be a critical market for us.

19 Q. So I take from your answer that you value
20 CLEC input and you are taking account of that as you
21 modify your product going forward, is that fair?

22 A. That's very correct.

1 Q. What was the occasion of the driver for
2 the addition of the constant bit rate QoS class? Why
3 did you do that? Why did you add that next?

4 A. We added it because we thought that
5 voice-over DSL might develop as a strong product and
6 that may be a useful capability to address that
7 service.

8 Q. Okay. And I take it from that answer
9 that you believe that of the ATM quality of service
10 classes that CBRs are the most -- the one that best
11 aligns with voice service?

12 A. It's the most fundamental. It supports
13 that service and many others, others perhaps more
14 narrowly focused.

15 Q. Now, does your platform now support CBRs
16 with Release 10.2?

17 A. Yes, it does.

18 Q. And is there a 96 kilobit per PVC limit
19 on a CBR QoS class?

20 A. Not that I know of.

21 Q. Is there any limit, any apriority limit,
22 on the size of a CBR that your system supports?

1 A. The limit that we have is in total
2 aggregation of the traffic onto internal buses and
3 internal links in order to achieve quality of service
4 on the other services of the system.

5 Q. So what is that limit? What's the CBR
6 size limit?

7 A. Well, it all depends. I suppose if this
8 is one-way or two-way CBR channels, if this is
9 two-way, then typically it is the upstream channel. I
10 suppose the biggest bottleneck is the certain internal
11 buses, which I shouldn't mention in open because this
12 wouldn't be public, that has certain bandwidth limits
13 to it, but I am willing to specify that it's much
14 greater than the number that you quote.

15 Q. I am shocked to hear that, Doctor. I was
16 going to ask you about what's your bandwidth limit.
17 That's confidential?

18 A. Yes.

19 Q. We will get that in the closed record in
20 a minute. Well, can you give me a bigger than a
21 breadbox number. Can you say that the working limit
22 on a CBR PVC is 100 megabits?

1 A. I would say that the limits are such that
2 as not -- would not typically constrain a single ADSL
3 line but could constrain a card with multiple ADSL
4 lines.

5 Q. Fair enough. Well, the limit of -- ADSL
6 is asymmetrical, right?

7 A. That's right.

8 Q. And what's the highest upstream bit rate
9 that your chip sets support in Litespan?

10 A. It can support as much as 800 kilobits
11 per second.

12 Q. So the upstream PVC could be a CBR that's
13 that size, right?

14 A. Yes. If there is no other traffic on the
15 system, one could set up such a channel.

16 Q. And the downstream is not, it's limits
17 are much higher than that in terms of through-put?

18 A. That's correct.

19 Q. So the constraining force is always going
20 to be the upstream bandwidth, right, on ADSL?

21 A. If you are setting a symmetric
22 connection, it would be.

1 Q. Yes. All right. Would you fund the
2 support of additional PVC QoS classes beyond --

3 A. I am sorry, what was the question?

4 Q. When do you plan to add other QoS classes
5 such as variable bit rate, real time, non-real time?

6 MS. MANN-STADT: To the extent that that's
7 public.

8 A. To the extent that that's public, it is
9 not in the Release 11. It would not have those
10 capabilities. And the capabilities for the release
11 beyond that is a subject of still internal decisions
12 that have not been made.

13 Q. Fair enough. Can you at least say that
14 you are considering those other QoS classes for
15 possible future release?

16 A. That's correct.

17 Q. Okay. Now, am I right that Alcatel as
18 Alcatel doesn't really care if something is a UNE or
19 not?

20 A. No, that would not be correct.

21 Q. You do care?

22 A. Yes.

1 Q. Why do you care?

2 A. For any number of reasons. If a UNE is
3 defined in such a way that would potentially expose
4 Alcatel proprietary information, then we would care
5 about such a UNE being defined. If it is such that
6 our product cannot function correctly and support that
7 UNE, we would certainly care a lot.

8 Q. Okay. I guess I will address those one
9 at a time. If you have proper protection for your
10 intellectual property via licensing agreements for a
11 UNE, is that concern resolved?

12 A. I don't understand. A UNE, as I
13 understand it, represents functionality that a CLEC
14 can obtain from an ILEC. So the edges of that UNE is
15 the edge between the CLEC and the ILEC. And if that
16 edge is the middle of Alcatel proprietary information
17 and it is mandated as some sort of industry standard
18 of some kind, I don't understand the protection of our
19 intellectual property or even how that can properly
20 function, because it's a fluid sort of thing subject
21 to continual change.

22 Q. I didn't mention industry standards in my

1 question. Do you mean to assume that away so you can
2 answer?

3 A. Yes, UNEs as I have seen them in the FCC
4 orders have always been at industry standard
5 interfaces. I have never seen one which ends at a
6 proprietary interface of some particular vendor.

7 Q. Do you understand the UNE concept to be
8 in part that you take them as you find them as a CLEC?

9 A. I don't understand that.

10 Q. You take the network components as they
11 are offered or provided by the ILEC; you can't demand
12 changes to those, is that part of your understanding
13 of UNEs?

14 A. I don't know the details of that. I know
15 how they are currently planned. Whether you can
16 demand changes to some UNE platform or something, I
17 cannot say.

18 Q. What's the UNE platform?

19 A. That's a terminology I have heard lately.
20 I am not exactly sure of the meaning of that except
21 that I understand that it is a UNE for which there is
22 certain capabilities provided by the ILEC which is

1 more dynamic, guess, than some static definition of
2 one. Perhaps you can give me a better definition. I
3 don't know that.

4 Q. Well, but I can't testify so.

5 A. Oh, I am sorry.

6 Q. I am asking for your understanding
7 because you say don't make my card a UNE. So you must
8 have some presumption about what that means, what it
9 means to be a UNE.

10 A. Yes. What it means to be a UNE, as I
11 understand it, is that a CLEC can obtain a certain
12 functionality from an ILEC and use that functionality
13 then as part of other functionality that that CLEC can
14 provide. So on one hand the CLEC is providing
15 functionality themselves and meeting the ILEC at some
16 point where the ILEC provides functionality for some
17 other portion of an end run service.

18 Q. Okay. But am I right that as far as you
19 are concerned SBC is deploying your Litespan platform
20 in what you view as a standard configuration?

21 A. Yes.

22 Q. No changes from what you would expect to

1 see and what you would advise your clients in terms of
2 deployment, right?

3 A. That's correct.

4 Q. And then in response to Mr. Starkey on
5 page 5 and 6, on the top you have discussed about the
6 hard wiring of the feeder plant into the back plane of
7 the card, the card slot. Do you see that at 5 and 6?

8 A. I am sorry, where is this on?

9 Q. The questions starts on page 5; the
10 answer continues onto page 6.

11 A. Yes, I see that.

12 Q. On page 6, lines 11 through 14, we talked
13 about this and you talk about it here, the possibility
14 of adding cross connect fields at the RT. Then you
15 say it wouldn't address already installed systems in
16 Illinois. Do you see that?

17 A. Yes, I do.

18 Q. Actually, you say it wouldn't address
19 already installed systems. For the foreseeable
20 future, it could constitute the vast proportion of
21 NGDLC systems in Illinois, is that correct?

22 A. Yes.

1 Q. Well, I thought that Ameritech had
2 suspended deployment of Project Pronto, isn't that
3 your understanding?

4 A. That's my understanding.

5 Q. They weren't done with the RTs, were
6 they, when they did that, do you know?

7 A. No, they had not done with the RTs.

8 Q. So for those RTs that they had planned to
9 deploy but have not yet, they could install this cross
10 connect solution going forward, right?

11 A. That's what I stated here.

12 MR. BOWEN: Your Honor, I think that
13 completes my -- actually, hang on a minute. We have
14 gone through the exhibits that I had passed to
15 Litespan -- I am sorry, Alcatel yesterday, and they
16 have removed the confidentiality of several of those.
17 I thought I would do those in the open record and then
18 go into the closed record and do the closed ones.

19 JUDGE WOODS: That's fine with me.

20 MR. BOWEN: Your Honor, I am going to
21 distribute and ask you to mark a Litespan document
22 entitled Litespan 2000 and 2012 ADSL, SBC CLEC

1 Meeting, Dallas, Texas, July 27, 2000. It's about 16
2 pages long. It's a slide presentation. I ask you to
3 mark that as Rhythms -- I won't get this right.

4 JUDGE WOODS: I know. I like to see you
5 struggle. This is the only pleasure I get all day.

6 MR. BOWEN: I will try. Rhythms Ransom
7 Rehearing Cross Exhibit 1, did I get that right?

8 JUDGE WOODS: Darn, now I have got to find
9 something else to type this.

10 MR. BOWEN: I'll get it wrong. Don't worry.

11 (Whereupon Rhythms Rehearing
12 Ransom Cross Exhibit 1 was
13 marked for purposes of
14 identification as of this
15 date.)

16 Q. Okay. Do you have that, Dr. Ransom?

17 A. Yes, I do.

18 Q. Can you tell us basically what this
19 document is?

20 A. It is slides that were used in a
21 presentation by Alcatel to a meeting that evidently
22 involved CLECs and SBC. I did not attend this

1 meeting.

2 Q. Who would normally give these kind of
3 presentations? Someone like Darrell Mansur, someone
4 like that?

5 A. Possibly.

6 Q. And what's the purpose of these kinds of
7 presentations?

8 A. I suppose so that the CLEC community is
9 familiar with some of the capabilities of Litespan.

10 Q. Okay. And so this is one of the ways,
11 besides using the account manager avenue you talked
12 about, that you would make CLECs aware at least in
13 SBC's region of what you are offering and what you
14 have planned, isn't that fair?

15 A. That's fair.

16 Q. Could you look back with me at page or at
17 Slide 14? The title of the slide is Release 11
18 Candidate Features?

19 A. Yes.

20 Q. Now, the date on this is July 27 of last
21 year, right?

22 A. That's right.

1 Q. So that was a ways back in your
2 development cycle, right?

3 A. That's correct.

4 Q. And that was before you settled on all
5 of the features of Release 11, is that fair? Or was
6 it you were pretty set at that point?

7 A. I believe that the features in Release 11
8 evolved since that time. I am sure we had a
9 particular candidate set.

10 Q. Well, you see on the list here the quad
11 cards, right, the quad ADLU cards?

12 A. Right.

13 Q. That's still going to be an 11?

14 A. That's correct.

15 Q. Do you see the G.lite functionality
16 there?

17 A. Yes, I do.

18 Q. Will that be part of 11?

19 A. Yes, it will.

20 Q. And just for the record is that an ADSL
21 variant that is limited to 1.5 megabits just like the
22 downstream?

1 A. That is correct.

2 Q. And does not require a splitter at the
3 customer premises?

4 A. That is correct.

5 Q. And then you see a TDM-based HDSL 2?

6 A. That's correct.

7 Q. And that's two-wire HDSL running at 1.544
8 megabits per second metrical?

9 A. That's correct.

10 Q. And is the AMS, that is your management
11 system?

12 A. Yes, it is.

13 Q. And here again we see that 24 line POTS
14 card high capacity channel bank, is that right?

15 A. Yes.

16 Q. All the ones I mentioned are still going
17 to be in the 11, right?

18 A. That's correct.

19 Q. Now, the next page says "Future Release
20 Candidates," do you see those?

21 A. Yes, I do.

22 Q. Slide 15. The first one is Litespan

1 integrated VoDSL, VoATM gateway, is that correct?

2 A. That's correct.

3 Q. That means voice-over DSL and voice-over
4 ATM, is that right?

5 A. That's correct.

6 Q. Is that still on the slate for possible
7 future release?

8 A. One could always do it.

9 Q. You can do it now?

10 A. I mean we could start a development of
11 such a feature.

12 Q. Okay. But is that part of Release 12's
13 list of features?

14 A. Obviously, whatever is in Release 12 is
15 proprietary to Alcatel at this point. But I will say
16 that it is not resolved within Alcatel at this point.
17 But in the closed, if you are interested, I could tell
18 you whether that seems a likely feature or not.

19 Q. I am putting an orange tab on that one.

20 MS. MANN-STADT: Might I suggest that before
21 we go through each of these line by line and find out
22 they are features that need to be addressed in the

1 closed session, that we find out from the witness if
2 that is the case for all of them and then we could not
3 be duplicative here in the testimony.

4 MR. BOWEN: Sure.

5 JUDGE WOODS: Yep.

6 Q. Can you talk about any of these in the
7 public record?

8 MS. MANN-STADT: As to whether they are going
9 to be included in Release 12.

10 A. I cannot say on the public record as to
11 whether these will be features of Release 12 or not.

12 Q. Can you say for any of these whether they
13 are under active consideration for some unspecified
14 release?

15 MS. MANN-STADT: I am going to object as
16 vague. We need to know what active consideration
17 means.

18 MR. BOWEN: That means you are looking at it.

19 JUDGE WOODS: I think that's the same
20 question over again. The question is, are any of them
21 not under -- have any of them been rejected as a
22 possibility?

1 THE WITNESS: For the next release?

2 MR. BOWEN: No, for any release.

3 THE WITNESS: We would never reject forever.

4 MR. BOWEN: Let me distribute and ask you to
5 mark, Your Honor, the next document, also a public
6 document, entitled Litespan System Release 10.1 as
7 Rhythms Ransom Rehearing Cross Exhibit Number 2.
8 That's a nine-page document.

9 (Whereupon Rhythms Rehearing
10 Ransom Cross Exhibit 2 was
11 marked for purposes of
12 identification as of this
13 date.)

14 Q. Do you have that?

15 A. Yes, I do.

16 Q. I have several of these documents, these
17 releases and white papers and so forth. How do you
18 distribute these kinds of documents to your clients
19 and potential clients?

20 A. We would have the sales force typically
21 deliver those to the customer. We also make them
22 available in some cases on our web site, that would be

1 available to them.

2 Q. Okay. This one harks back to February of
3 2000 for Release 10.1, correct?

4 A. Yes, it does.

5 Q. Can you turn back to page 6 of 9, please?

6 A. Okay.

7 Q. And at the top of the page you are
8 talking there about the software features including
9 CBR and UBR PVCs, right?

10 A. Yes.

11 Q. And just look at that first paragraph.
12 You have got a statement that each ADSL facility, does
13 that mean a card?

14 A. No, it does not.

15 Q. What's the facility you refer to there?

16 A. A line that extends to the customer.

17 Q. So the copper facility?

18 A. No, the capability is that Litespan
19 provides to a single customer.

20 Q. Oh, I see, okay. Whatever the serving
21 facility might be, you can have that many PVCs per
22 customer, right?

1 A. That's correct.

2 Q. And that's one CBR and three UBRs, right?

3 A. That's correct.

4 Q. And you see the indications there of VPI
5 and VCI?

6 A. Yes.

7 Q. Is that virtual path identifier and
8 virtual cable identifier?

9 A. Yes, it is.

10 Q. And what does that mean? What are VPIs
11 and VCIs?

12 A. They are an ATM terminology that refers
13 to essentially connection, although in this case it is
14 a virtual connection between one point and the other.
15 In the development of ATM it was thought that to be
16 able to set up a group of these connections, these
17 individual connections, might be called the virtual
18 channels. But to be able to have a essentially a
19 trunk group set up between two points and then within
20 that trunk group one could set up and tear down
21 individual virtual channels without having to go
22 through intervening switches which may only then look

1 at the virtual path and not have to care about the
2 individual virtual channels.

3 Q. And what's the relationship between say a
4 VPI and a VP? Is it one to one? Is there one
5 identifier per path?

6 A. At a given point in the matter those
7 numbers change as they pass through switches and map
8 through certainly tables.

9 Q. But at each point it's one to one for
10 VPIs and VPs and VCIs and VCs, right?

11 A. That's correct.

12 Q. Now, what this shows is that you were
13 supporting -- I think this is what this shows. As of
14 February of 2000 you were supporting CBR, is that
15 fair?

16 A. February of 2000, let's see, this is a
17 software release. Must have been done -- I don't
18 recall when we issued Release 10.1 to the field. I
19 suppose it must have been around the same time we
20 issued the software release information. So it would
21 suggest, yes, that that's true.

22 Q. Okay. Do you know when SBC-Ameritech

1 Illinois made available to CLECs the CBR functionality
2 that you made available to them in February of 2000?

3 A. No, I do not.

4 Q. Now, look down with me at the broadband
5 platform, please?

6 A. Yes.

7 Q. Do you see a reference to BRS?

8 A. Yes.

9 Q. What's BRS?

10 A. It is a small digital loop carrier
11 extension that would be close to the customer and
12 would support broadband services as well as neuralband
13 services but in a small module that would be close to
14 the customer.

15 Q. And that's part of -- you can use that
16 with the Litespan 2000 platform, is that right?

17 A. No, you cannot.

18 Q. That's a separate platform?

19 A. No, it's not a platform at all.

20 Q. I am using the wrong words. What are the
21 right words?

22 A. Abandoned product.

1 JUDGE WOODS: History.

2 Q. I am going to abandon this line of cross
3 then.

4 MS. MANN-STADT: Let's do more of that.

5 MR. BOWEN: Let me pass around and ask Your
6 Honor to mark as Rhythms Rehearing Ransom Cross
7 Exhibit 3 a document entitled Multiservice DLC/DSLAM
8 for VoDSL, White Paper. It's eight pages long.

9 (Whereupon Rhythms Rehearing
10 Ransom Cross Exhibit 3 was
11 marked for purposes of
12 identification as of this
13 date.)

14 Q. Do you have that, Dr. Ransom?

15 TA. Yes, I do.

16 Q. What's a White Paper? What do you use a
17 White Paper for?

18 A. A White Paper is a term we use for a
19 document that brings certain concepts, discussions of
20 certain concepts, which we then distribute to
21 customers to let them know what our thinking is in
22 some areas.

1 Q. Okay. And this is one of those kinds of
2 documents, is this not?

3 A. That's correct.

4 Q. And it's about -- VoDSL means voice-over
5 DSL, is that right?

6 A. That's correct.

7 Q. Look down, please, at page 1, paragraph
8 number 2. It says VoDSL As A Service, on page 1
9 there. Do we have the same document, I hope?

10 A. Oh, yes, I see that.

11 Q. Second paragraph, second sentence says, I
12 am quoting here, "The ATM Forum has standardized this
13 service and it is known as Loop Emulation Service
14 (LES)." Do you see that?

15 A. Yes, I do.

16 Q. What's the ATM Forum?

17 A. It is sometimes called a quasi-standard
18 organization. It's a group of companies that get
19 together to develop interoperability specifications.

20 Q. And what is the meaning of -- when the
21 ATM Forum standardizes something as you are testifying
22 to here, what does that mean?

1 A. Well, that is actually very bad
2 terminology, because the ATM Forum has no
3 standardization authority. They can come up with
4 specifications, but they are not a standard
5 development organization.

6 Q. But it's not my term; it's your term. I
7 am quoting from your document. What does this
8 document mean when it says the ATM Forum has
9 standardized?

10 A. I was criticizing the writer here. But
11 what they meant was that the ATM Forum had issued
12 specifications of a service known as Loop Emulation
13 Service.

14 Q. Okay, fair enough. But that is a
15 necessary point before you can build stuff to meet the
16 spec, right? If you want to have standardized -- if
17 you want to have specification compliant equipment?

18 A. If you want to have interoperability
19 between suppliers on a broad basis, then an
20 agreed-upon public specification is needed.

21 Q. Okay. And that's what you are talking
22 about here, right?

1 A. Yes.

2 Q. And that was as of April 2000, right?

3 A. That's correct.

4 Q. And you are telling the world that this
5 has happened and then you say in the next paragraph --
6 when I say you, I mean Alcatel, not Dr. Ransom -- but
7 Alcatel says VoDSL can support up to 16 derived POTS
8 per DSL line (plus the baseband POTS itself), do you
9 see that?

10 A. I see that.

11 Q. And do you know what the bandwidth per
12 derived POTS line -- I am sorry, what the bandwidth is
13 assumed there for this derived POTS line? Sixteen
14 derived circuits of what kilobit size?

15 A. Typically, the companies that produce
16 products that support 16 POTS lines such as copper
17 line, they support 32 kilobit PCM for voice.

18 Q. All right. And so when you say 16,
19 that's using, I take it, the upstream capacity of the
20 ADSL line?

21 A. That's correct.

22 Q. And do you know how many -- that's done

1 via PVCs, right?

2 A. It can be done with PVCs.

3 Q. How else can it be done?

4 A. It could be done with -- I am sorry, you
5 said PVCs? Yes, it is typically done with PVCs, that
6 is correct, according to these specifications.

7 Q. What does your platform support? Does it
8 support these 16 derived POTS per DSL line?

9 A. Our platform, that is the Litespan
10 platform, that is agnostic to such services. It
11 doesn't particularly know about voice-over DSL.

12 Q. You are one layer down in the stack,
13 right?

14 A. Yes.

15 Q. All you care about is you are getting
16 somebody a certain amount of bandwidth they can use
17 however they want to, right?

18 A. That's correct.

19 Q. So do you know whether -- strike that.
20 Do you know the size of the CBR PVC that SBC is
21 offering right now to people outside of Illinois?

22 A. I don't recall exactly. It was under 100

1 kilobits, as I recall.

2 Q. Does 96 sound correct to you?

3 A. That sounds correct.

4 Q. And that's not the upstream limit of the
5 ADSL bandwidth, is it?

6 A. No, that is not.

7 MR. BOWEN: Okay. All right. Let me
8 distribute and ask Your Honor to mark the next
9 document in order. This is a document called -- it's
10 a White Paper again called the New World Access
11 Network and the Role of the New World Digital Loop
12 Carrier. And that will be marked as Rhythms Rehearing
13 Ransom Cross Exhibit Number 4. It's 14 pages long.

14 (Whereupon Rhythms Rehearing
15 Ransom Cross Exhibit 4 was
16 marked for purposes of
17 identification as of this
18 date.)

19 Q. Do you have that, Dr. Ransom?

20 A. Yes, I do.

21 Q. Now, is New World as opposed to the Next
22 Generation, is that kind of an Alcatel service market

1 trademark kind of designation?

2 A. Yes, it is.

3 Q. Could you turn to page 5 of that, please?

4 Let me just ask you more generally, is this document
5 trying to indicate the overall direction that Alcatel
6 is considering for taking its NGDLC platform?

7 A. Yes.

8 Q. And on page 5 do you see the references
9 to an ATM passive optical network or APON, A-P-O-N?

10 A. Yes, I do.

11 Q. And you see that a Litespan node can
12 provide access via a number of ways including an APON?

13 A. I see that.

14 Q. Is that done in part or will be done in
15 part via the Litespan 2000 platform?

16 A. I will make the decision at this point
17 not to go -- put it in the other proprietary part of
18 our meeting. This referred to a capability that we
19 were considering development on, what was called the
20 broadband fiber bank part of Litespan that is in the
21 same home in the sky with the DRS.

22 Q. Okay. Fair enough. This is September of

1 '99, isn't it?

2 A. Yes, it is.

3 Q. Look at page 7 with me, please. I take
4 it that if you look with me at the middle paragraph,
5 this starts, let me read that to you, I am quoting the
6 paper here, "The mass market DSL is the foundation for
7 the all digital network of tomorrow. By using packet
8 technologies the digital loop allows an almost
9 unlimited range of services with a limitation only
10 being in the imagination of the provider. Today
11 Litespan is the most flexible and feature-rich engine
12 in the single platform for voice and data. With mass
13 market DSL available, value-added services such as
14 virtual lines or voice-over DSL can be offered in
15 addition to the basic high speed internet access, VPN,
16 streaming audio and video, interactive broadband,
17 e-commerce and yet to be defined applications." Do
18 you see that?

19 A. Yes, I do.

20 Q. Is that still good? Is that still your
21 vision?

22 A. Yes, it is.

1 Q. And the next paragraph is the broadband
2 remote access server still part of the path forward?

3 A. Yes, it is.

4 Q. It says it resides in the access network.
5 Where exactly does it reside in the access network?

6 A. I would dispute whether it resides in the
7 access network.

8 Q. It's your document, Dr. Ransom.

9 A. But the broadband RAS which has similar
10 functions to products provided by Redback (sp) and
11 others tend to reside in the local exchange carrier's
12 network. And so if one divides the network as access
13 and core, then you would say that it resides in the
14 access. But it is not something that one deploys
15 between the central office and a customer location.

16 Q. That was my question. It is not in the
17 loop plant; it is somewhere in the old interoffice
18 paradigm and plant, right, somewhere beyond the
19 central office?

20 A. It is beyond the central office.

21 Q. Let me pass around and ask Your Honor to
22 mark as Rhythms Rehearing Ransom Cross Exhibit Number

1 5 a document that consists of six pages titled the
2 Alcatel Access Partnering Program. It actually had a
3 licensing agreement that went with this, but that's
4 confidential so I have got to mark them separately.

5 (Whereupon Rhythms Rehearing
6 Ransom Cross Exhibit 5 was
7 marked for purposes of
8 identification as of this
9 date.)

10 Do you have that, Dr. Ransom?

11 A. Yes, I do.

12 Q. Is this additional detail about the
13 program you have been describing where, amongst other
14 things, you will license the manufacture of your line
15 cards to other manufacturers?

16 A. Yes.

17 Q. If you look at the fifth page into the
18 exhibit, do you see a subset there called Alcatel
19 Access Licensing Program?

20 A. Yes, I do.

21 Q. And there you see the current companies,
22 including ADC, Adtran, Tollgrade and Westwave?

1 A. That's correct.

2 Q. We didn't mention Westwave. What do they
3 do for you?

4 A. Westwave was a company that was formed
5 out of some Alcatel employees for which this was -- I
6 am sorry, they were formed out of DSC employees soon
7 before the acquisition and are building a product
8 called the V-switch. Alcatel indirectly through then
9 the acquisition of DSC owns a small share of the
10 Westwave product. They are building something which
11 would be called a Next Generation Network Replacement
12 of the Class 5 switch. So they are building what
13 would be considered a Class 5 switch.

14 Q. And V-switch means virtual switch?

15 A. I don't know that they have a name for
16 that.

17 Q. Is it a circuit switch device or a packet
18 switch device?

19 A. It is a packet switch device.

20 Q. Okay. Designed to replace current ILEC
21 classified circuit switches, is that what you said?

22 A. Yes.

1 Q. Let me pass around the next exhibit and
2 ask Your Honor to mark the document that carries the
3 logo Alcatel Access Partnering Program called The
4 Broadband Television Solution. And that's ten pages
5 long, and ask you to mark that as Rhythms Rehearing
6 Ransom Cross Exhibit Number 6. Is my numbering still
7 right, Your Honor? Okay.

8 (Whereupon Rhythms Rehearing
9 Ransom Cross Exhibit 6 was
10 marked for purposes of
11 identification as of this
12 date.)

13 Do you have that, Dr. Ransom?

14 A. Yes, I do.

15 Q. All right. Here you are talking about, I
16 take it, broadband television, right?

17 A. Yes, I am.

18 Q. And is that supposed to be delivered over
19 ADSL? It might help to look at the second page.

20 A. Yes.

21 Q. Look at the sentence that says, "The
22 broadband TV solution was an end-to-end system for

1 delivering video on demand and broadcast video over
2 ADSL"?

3 A. Yes, this says for video.

4 Q. Is this the same ADSL lines we are
5 talking about the Litespan supporting in the
6 linesharing context?

7 A. Yes, it is.

8 Q. And Alcatel is partnering with iMagicTV,
9 nCUBE, that's the letter N, all caps CUBE, and Oracle,
10 is that all right to do this?

11 A. That's correct.

12 Q. And this is still a current initiative?
13 This is dated May 2000, is this still current?

14 A. Yes, it is.

15 Q. When do you expect to have a product or
16 do you have a product now?

17 A. Well, it's not clear what capabilities
18 beyond what's already available in Litespan is needed,
19 although there are the other parts of the partners.
20 And I don't know if we have -- I don't know of an
21 agreed upon date for this. We have demonstrated this
22 at Supercom this year as a demonstration.

1 Q. How much downstream band width is
2 required?

3 A. Let's see. I don't know for sure. We
4 actually have several agreements with some video
5 providers and they vary from half a megabit up to
6 perhaps several megabits, three megabits.

7 Q. Okay. But you are talking about
8 broadcast quality video, somewhere in that range?

9 A. Yes.

10 Q. Using what, compression algorithms to get
11 the quality?

12 A. Yes.

13 Q. ADSL was designed for the same kind of
14 video only it took six megabits downstream, right?

15 A. The initial ADSL development was for one
16 and a half megabits of video distribution as deployed
17 in the trials by Bell Atlantic.

18 MR. BOWEN: Okay. I think, Your Honor, that
19 completes the open record discussion that I have o f
20 the witness. If you would close the record, I would
21 appreciate it.

22 JUDGE WOODS: Instruct the court reporter to

1 close the public record to open the in camera
2 proceedings. Ask anyone who has not signed a
3 confidentiality agreement with Alcatel to please
4 vacate the premises, if they would, please.

5 MS. MANN-STADT: Your Honor, there are two
6 attorneys who sought to sign the confidentiality
7 agreement and they were not requesters of the data
8 request and we have not gotten the go ahead from
9 Alcatel to do that. So although I know they want to
10 be present, we just don't have approval of that right
11 now.

12 JUDGE WOODS: Well, upon receipt of that,
13 they will certainly have the opportunity to review the
14 in camera transcript, and I think that should do it.

15 MR. DUNN: When can we expect that?

16 MS. MANN-STADT: I would hope soon. We have
17 counsel here but we haven't -- we don't have any
18 approval. I mean, it is a late date to ask to sign a
19 confidentiality agreement when the data requests have
20 been out there for awhile.

21 MR. DUNN: I am not asking to see the
22 document. I am only asking to see the in camera

1 transcripts and the exhibits and not the full universe

2 --

3 MS. MANN-STADT: We are not trying to be
4 uncooperative, but we can't do that without approval
5 from the clients. And Dr. Ransom is not the one that
6 can give that.

7 (Whereupon at this point the
8 parties agreed the
9 proceedings would be
10 considered proprietary and
11 are contained in the separate
12 in camera transcript.)

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1 STATE OF ILLINOIS)

2) SS

3 COUNTY OF SANGAMON)

4 CASE NO.: 00-0393 On Rehearing

5 TITLE: ILLINOIS BELL TELEPHONE COMPANY

6 CERTIFICATE OF REPORTER

7 We, Cheryl A. Davis and Carla J. Boehl, do
8 hereby certify that we are court reporters contracted
9 by Sullivan Reporting Company of Chicago, Illinois;
10 that we reported in shorthand the evidence taken and
11 proceedings had on the hearing on the above -entitled
12 case on the 18th day of July, 2001; that the foregoing
13 pages are a true and correct transcript of our
14 shorthand notes so taken as aforesaid and contain all
15 of the proceedings directed by the Commission or other
16 persons authorized by it to conduct the said hearing
17 to be so stenographically reported.

18 Dated at Springfield, Illinois, on this 18th
19 day of July, A.D., 2001.

20

21

22 Certified Shorthand Reporter